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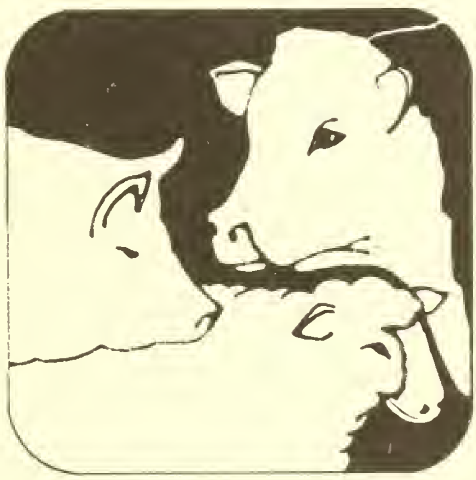
FEBRUARY 1975

LIVESTOCK AND MEAT Situation



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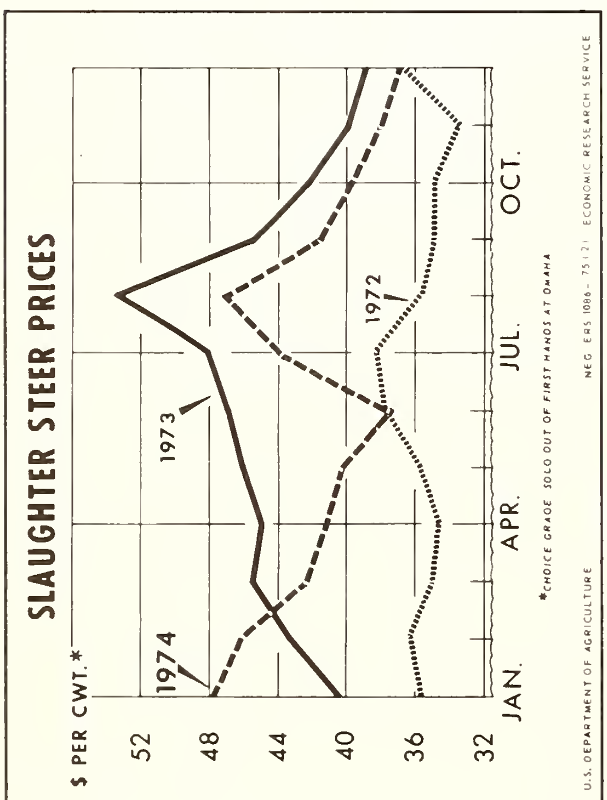
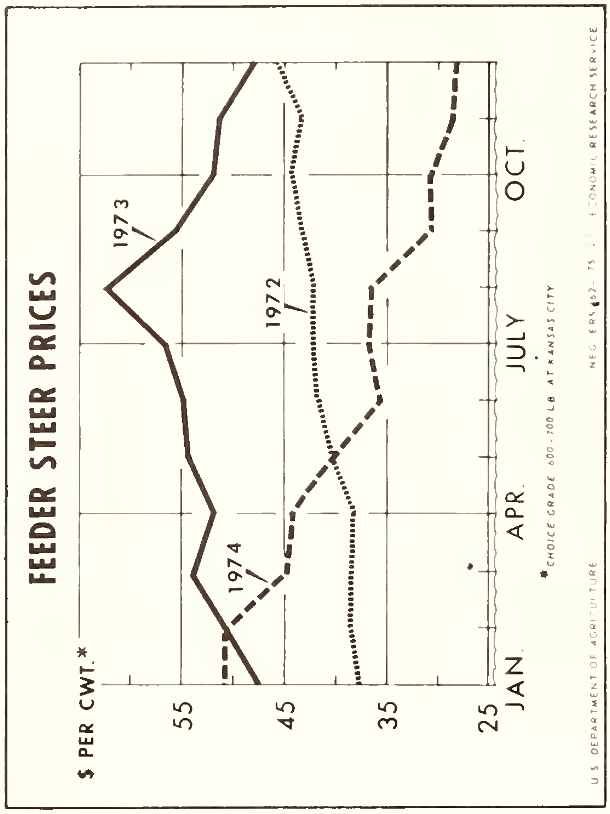
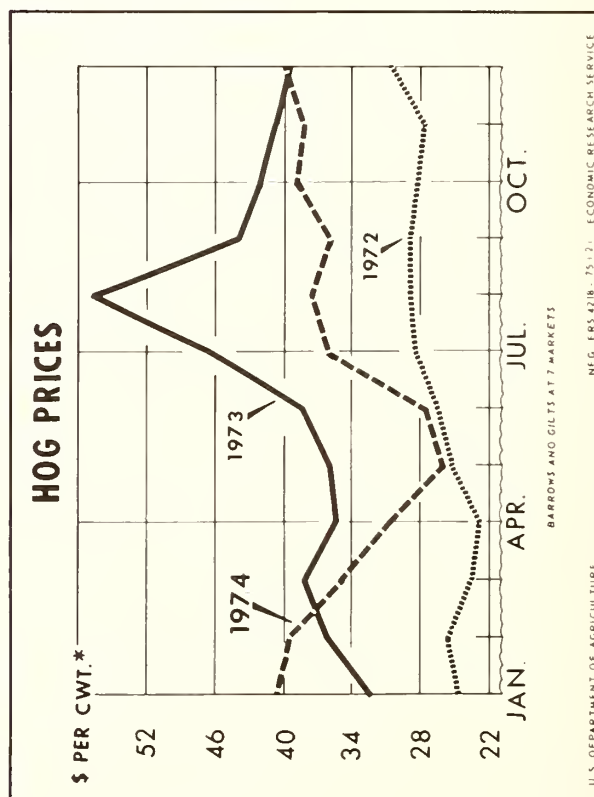

SLAUGHTER STEER PRICES
$ PER CWT.*
52
48
44
40
36
32
JAN.
APR.
JUL.
OCT.
1974
1973
1972
*CHOICE GRADE SOLD OUT OF FIRST HANDS AT OMAHA
U.S. DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE


FEEDER STEER PRICES
$ PER CWT.*
55
45
35
25
JAN.
APR.
JULY
OCT.
1974
1973
1972
*CHOICE GRADE 600-700 LB. AT KANSAS CITY
U.S. DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE


HOG PRICES
$ PER CWT.*
52
46
40
34
28
22
JAN.
APR.
JUL.
OCT.
1974
1973
1972
BARROWS AND GILTS AT 7 MARKETS
U.S. DEPARTMENT OF AGRICULTURE
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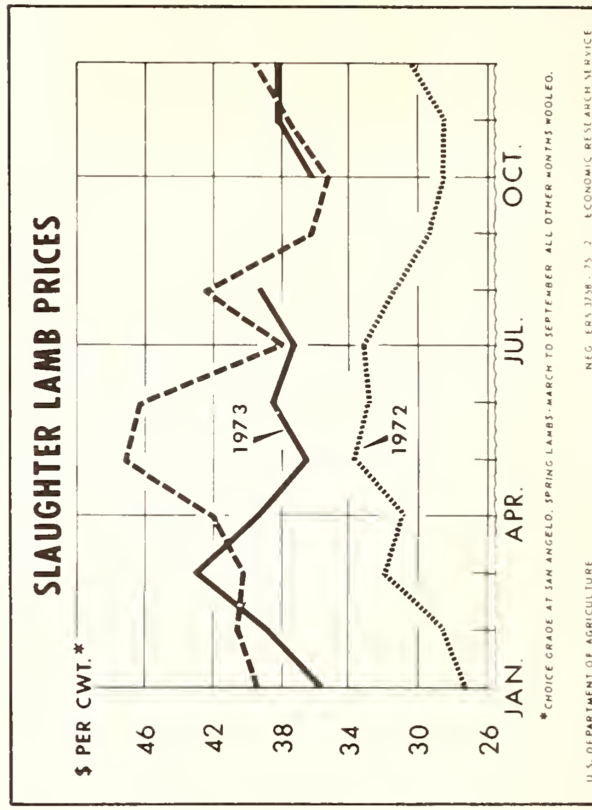
SLAUGHTER LAMB PRICES
$ PER CWT.*
46
42
38
34
30
26
JAN.
APR.
JUL.
OCT.
1973
1972
*CHOICE GRADE AT SAN ANGELO, SPRING LAMBS-MARCH TO SEPTEMBER, ALL OTHER MONTHS WOOLED.
U.S. DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE

LIVESTOCK AND MEAT SITUATION

CONTENTS

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Approved by
The Outlook and Situation Board
and Summary released
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U.S. Department of Agriculture
Washington, D.C. 20250

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The *Livestock and Meat Situation* is published in February, April, June, August, October, and December.

SUMMARY

Consumers continued to indicate their preference for meat last year by spending a record amount of money for a greater volume of meat than in 1973. Red meat consumption in 1974 was the third largest on record at about 187 pounds per person, up more than 11 pounds from 1973. While consumer prices were up 11 percent for all goods and services in 1974, meat prices averaged only 2 percent higher.

Demand for meat is expected to remain fairly strong in the first half of 1975; current dollar incomes still exceed year-earlier levels. Although, inflation, recession, and rising unemployment provide little basis for optimism. low consumer spending for such items as homes and automobiles may mean more money available for food, particularly meat. Expansion of food aid programs may help sustain meat purchasing power.

Cattle slaughter and beef production will remain above year-earlier levels this winter as nonfed steers, heifers, and cows continue to offset smaller fed cattle slaughter. Total slaughter, however, may decline seasonally by a small amount from the record kill of over 10 million head during October-December. Fed cattle prices could strengthen later in the winter from January lows of $35-$36 per 100 pounds for Choice steers at Omaha.

By spring, cow slaughter is expected to decline seasonally as pastures green up and cattle are moved back to grass. Choice steer prices could reach the mid-$40's, with cow and feeder cattle prices also improving. Smaller supplies of pork and poultry will also be price strengthening factors in the spring.

Feeder cattle prices will be sensitive to the demand for feedlot replacement cattle and the price of feed grain. Unless feed grain prices turn much higher by spring, feedlot placements in April-June could increase from a year earlier for the first time in 2 years. Large supplies of feeder cattle, however, will limit price increases for feeder cattle. If the fed market perks up as expected, Choice 600-700 pound feeder cattle at Kansas City could advance to $30-$35 per 100 pounds in the spring from the January level of $25-$27.

The expanding cattle herd means potential slaughter supplies in the second half of 1975 are large. Forage supplies and the level of feed prices will determine how slaughter of record large cattle supplies is divided between fed and nonfed cattle or calves.

Last fall's reduced corn crop with resultant high feed prices led to large scale liquidation of hog breeding stock. Market hog inventories last December suggest hog slaughter and pork supplies in the first half of 1975 may be the lowest in 9 years. As hog slaughter dips below year-earlier levels, prices will strengthen throughout most of the first half of the year. Barrow and gilt prices are expected to range mostly between $40-$45 through June. Advancing hog prices will be tempered by expected large supplies of beef and demand uncertainty.

Last December hog farmers reported plans for record low sow farrowings during December-May. This planned cut points to a 14-16 percent reduction in hog slaughter for the second half of 1975.

The January 1, 1975 sheep and lamb inventory totaled 14.5 million head, the smallest on record and a decline of 11 percent from a year earlier. A 9 percent drop in breeding ewes means a similar cut for the 1975 lamb crop. Sheep and lamb slaughter will continue lower through the first half of 1975. Prices will remain strong, but will be influenced by cattle prices. Normal seasonal price trends for slaughter lambs are likely, with prices rising into late winter or early spring, then dropping back and stabilizing later in the year. Lamb prices will likely range between $40-$45 per 100 pounds through the first 6 months of 1975.

SITUATION AND OUTLOOK

Commercial Meat Production

	1973				1974				1975	
	I	II	III	IV	I	II	III	IV	I[1]	II[1]
Beef (Mil. lbs.)	5,393	5,049	4,998	5,648	5,429	5,637	5,749	6,013	5,900	5,800
Percent change from										
Year earlier	0	-9	-10	-1	+1	+12	+15	+6	+9	+3
Previous quarter ..	-6	-6	-1	+13	-4	+4	+2	+5	-2	-2
Pork (Mil. lbs.)	3,262	3,178	2,791	3,347	3,370	3,540	3,247	3,431	3,100	3,000
Percent change from										
Year earlier	-7	-6	-9	-5	+3	+11	+16	+3	-8	-15
Previous quarter ..	-7	-3	-12	+20	+1	+5	-8	+6	-10	-3
Lamb and Mutton (Mil. lbs.)	126	127	128	123	120	108	118	108	110	105
Percent change from										
Year earlier	-11	-2	+3	-10	-5	-15	-8	-12	-8	-3
Previous quarter ..	-8	+1	+2	-4	-2	-10	+9	-8	+2	-5

[1] Forecast.

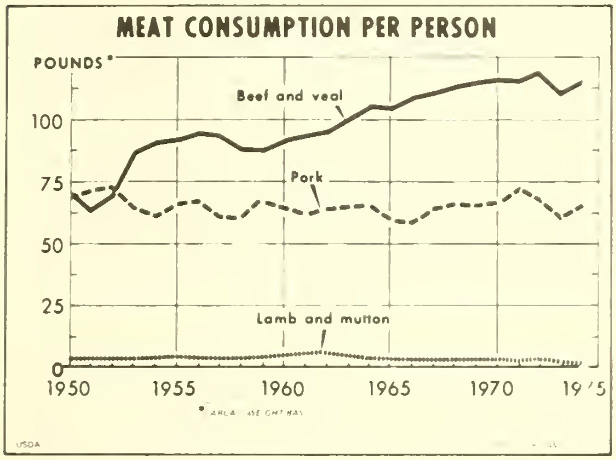
Livestock Prices

	1973				1974				1975	
	I	II	III	IV	I	II	III	IV	I[1]	II[1]
	Dollars per 100 pounds									
Choice steer, Omaha	43.17	46.00	49.04	40.20	45.40	39.52	44.21	38.28	37-39	42-44
Barrows and gilts, 7 markets	35.63	36.82	49.04	40.96	38.40	28.00	36.59	39.06	39-41	41-43
Slaughter lambs, 5 markets	38.25	36.00	36.63	35.00	39.66	45.40	37.97	36.63	40-42	42-44

[1] Forecast.

CONSUMPTION AND PRICES

Per capita red meat consumption in 1974 was the third largest on record at about 187 pounds per person, over 11 pounds more than in 1973 but still under the 1971 and 1972 level. Beef consumption was just over the 1972 record and totaled 116.3 pounds, up almost 7 pounds from 1973. Veal consumption increased for the first time in 10 years but remained relatively low at 2.3 pounds per person. Lamb and mutton consumption dropped to a record low of 2.4 pounds and pork consumption rose more than 4 pounds to 66 pounds per person.



While the consumer price index, a measure of average prices for all consumer goods and services, went up 11 percent in 1974, meat prices were up only 2 percent. Higher meat prices in the first 5 months of the year slightly offset lower prices in the last 7 months. The Bureau of Labor Statistics beef and veal price index averaged 3 percent higher in 1974 while the pork price index averaged essentially the same as in 1973.

Meat Demand Strong

The demand for red meat continued to grow in 1974 as consumer incomes rose. A 7.6 percent rise in per capita current dollar disposable income last year generated an estimated 7.6 percent increase in per capita consumer expenditures for meat. The rate of consumer expenditures for meat in 1974 remained at the 1973 level of 4.2 percent of disposable income. Table 1 illustrates the changes in meat expenditures over the past few years. Expenditures are estimated as the product of average retail price and the retail weight of consumption. The rate of expenditure is the proportion of disposable income spent per person.

Transportation bottlenecks early last year led to shortages or fears of shortages of meat in some parts of the country. This caused the unusual pattern of expenditures for meat in the first and second quarter of 1974. Wholesalers and retailers paid relatively high prices for large supplies of meat early in the year. Consumers, however, balked at paying higher prices for these larger supplies, and spending slowed. Expenditures for meat dropped from $49 per person in the first quarter to $46 in the second quarter and the spending rate dropped from 4.4 percent of disposable income in the first quarter to 4.0 percent in the second.

In the spring, meat backed up in most marketing channels. Cold storage stocks of beef became record large and pork stocks grew. Farmers continued to hold live animals in feedlots which led to excessively heavy average weights, further adding to the supply problem.

As consumer meat purchases lagged, average retail beef prices dropped from $1.50 per pound in February to $1.32 in June and pork prices fell from $1.17 to $0.94 during the same period. Livestock prices fell in a similar manner. By summer, most of this disturbance had washed out, and consumer spending rates returned to a more normal 4.1 percent of incomes.

Despite the worsening state of the economy in the fourth quarter of 1974, consumer expenditures for meat remained strong at nearly $49 per person, just below the record first quarter level. This seems to suggest that

Meat consumption by quarters[1]

Year	First	Second	Third	Fourth	Total
	Pounds per person	*Pounds per person*	*Pounds per person*	*Pounds per person*	*Pounds per person*
Beef					
1969	27.2	26.7	28.6	28.3	110.8
1970	28.3	27.9	29.0	28.5	113.7
1971	27.7	28.1	29.3	27.9	113.0
1972	28.2	28.9	29.4	29.6	116.1
1973	28.0	26.2	26.8	28.6	109.5
1974[2]	28.0	28.8	29.4	30.1	116.3
Veal					
1969	0.9	0.8	0.8	0.8	3.3
1970	.8	.7	.7	.7	2.9
1971	.7	.6	.7	.7	2.7
1972	.6	.5	.5	.6	2.2
1973	.5	.4	.4	.5	1.8
1974[2]	.5	.4	.6	.8	2.3
Pork					
1969	17.0	16.0	15.5	16.5	65.0
1970	15.4	15.6	16.3	19.1	66.4
1971	18.3	17.8	18.0	18.9	73.0
1972	17.7	16.6	15.8	17.3	67.4
1973	16.0	15.4	14.0	16.2	61.6
1974[2]	16.5	17.2	16.1	16.2	66.0
Lamb & Mutton					
1969	0.9	0.8	0.9	0.8	3.4
1970	.9	.9	.8	.7	3.3
1971	.8	.8	.8	.7	3.1
1972	.8	.9	.9	.7	3.3
1973	.7	.7	.7	.6	2.7
1974[2]	.6	.6	.6	.6	2.4
Red Meat					
1969	46.0	44.3	45.8	46.4	182.5
1970	45.4	45.1	46.8	49.0	186.3
1971	47.5	47.3	48.8	48.2	191.8
1972	47.3	46.9	46.6	48.2	189.0
1973	45.2	42.7	41.9	45.9	175.7
1974[2]	45.6	47.0	46.7	47.7	187.0

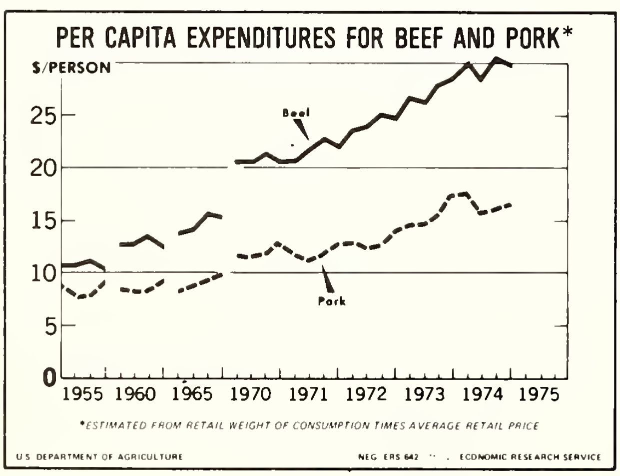
[1] Total consumption including farm, 50 States. [2] Preliminary.

Table 1—Expenditures per person and percent of income spent for red meat[1]

Year and quarter	Disposable income	Spent for beef[2]	Percentage	Spent for pork	Percentage	Spent for veal	Percentage	Spent for lamb	Percentage	Spent for all meat	Percentage
	Dollars	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*
1955	1,666.0	42.72	2.56	33.30	2.00	NA		2.73	0.20	78.75	4.7
1960	1,937.0	50.51	2.61	33.74	1.74	4.10	0.20	3.09	0.20	91.44	4.7
1965	2,436.0	58.98	2.42	35.92	1.47	3.60	0.20	2.61	.10	101.11	4.2
1970	3,376.0	82.96	2.46	48.17	1.43	2.99	.09	3.10	.09	137.22	4.1
1971											
I	882.8	20.54	2.33	11.78	1.33	.75	.09	.76	.09	33.83	3.8
II	899.5	21.79	2.42	11.39	1.27	.67	.07	.77	.09	34.62	3.8
III	906.0	22.85	2.52	11.94	1.32	.81	.09	.80	.09	36.40	4.0
IV	916.2	22.01	2.40	12.64	1.38	.82	.09	.70	.08	36.17	3.9
Total	3,605.0	87.13	2.42	47.73	1.32	3.04	.08	3.03	.08	140.93	3.9
1972											
I	930.0	23.87	2.57	13.00	1.40	.73	.08	.82	.09	38.42	4.1
II	946.8	24.02	2.54	12.33	1.30	.63	.07	.94	.10	37.92	4.0
III	965.2	25.08	2.60	12.65	1.31	.65	.07	.97	.10	39.35	4.1
IV	1,000.0	24.80	2.48	14.11	1.42	.79	.08	.76	.08	40.46	4.0
Total	3,843.0	97.77	2.54	52.15	1.41	2.81	.07	3.49	.09	156.22	4.1
1973											
I	1,035.8	26.77	2.58	14.60	1.41	.70	.07	.81	.08	42.88	4.1
II	1,061.0	26.33	2.48	14.77	1.39	.60	.06	.84	.08	42.54	4.0
III	1,084.8	28.12	2.59	15.86	1.46	.62	.06	.87	.08	45.47	4.2
IV	1,113.0	28.59	2.57	17.49	1.57	.79	.07	.71	.06	47.58	4.3
Total	4,295.0	109.90	2.56	62.90	1.46	2.72	.06	3.23	.08	178.75	4.2
1974[3]											
I	1,124.2	30.06	2.67	17.68	1.57	.82	.07	.73	.06	49.29	4.4
II	1,141.2	28.66	2.51	15.88	1.39	.65	.06	.72	.06	45.91	4.0
III	1,170.3	30.68	2.62	16.08	1.37	.98	.08	.76	.07	48.50	4.1
IV	1,186.0	29.96	2.53	16.72	1.41	1.28	.11	.75	.06	48.71	4.1
Total	4,623.0	119.36	2.58	66.36	1.44	3.73	.08	2.96	.06	192.41	4.2

[1] Estimated from retail weight of consumption times average retail price. Conversion factors of 0.74 for beef, 0.93 for pork, 0.83 for veal, and 0.89 for lamb and mutton were used to adjust carcass weight consumption to retail weight consumption.

[2] Based on the average retail price of Choice grade beef and does not attempt to account for prices of other grades or the value of away-from-home consumption. [3] Preliminary.



double digit inflation, unemployment in excess of 7 percent and further erosion in purchasing power of the consumer dollar did not have a significant impact on the demand for meat through the end of 1974.

Substantial cutbacks in consumer purchases of costly items, such as homes and automobiles, may have meant more money was available for nondurables such as food, and meat in particular. Similarly, rising unemployment led to reduced expenditures for big-ticket items. But expansion of food aid programs may have helped sustain purchasing power for food and meat.

Expenditures by class of meat in the fourth quarter of 1974 do not reveal any significant changes in buying patterns. Spending rates for beef declined from the third to the fourth quarter in each of the last 4 years and beef expenditures in 1974 declined from the third quarter as they did in 3 out of the last 4 years. Alternatively, consumers usually spend a larger portion of their income for pork in the fourth quarter than in the third. Consumers also spent slightly more money for pork in the fourth quarter last year than they did in the third, just as they had done in the previous 3 years.

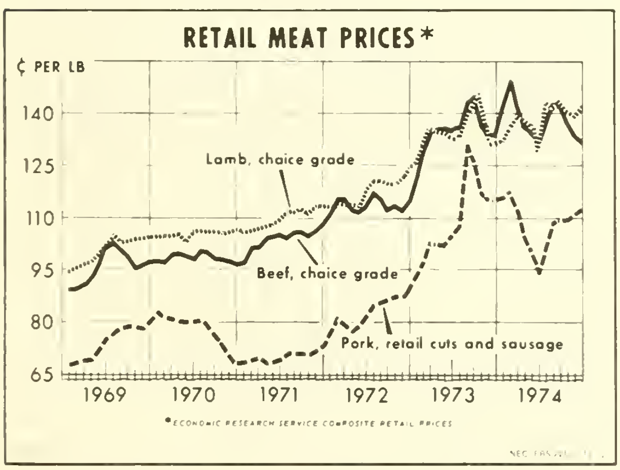
Demand Outlook

An economy slipping further into recession cannot be the basis of an optimistic outlook for the demand for meat. But consumer incomes in current dollars are expected to continue up through the first half of 1975, and in the past expenditures for meat have trended closely with incomes. Also, population continues to rise. Therefore, at this time it appears to be a reasonable

Table 2—Average retail price of meat per pound, United States, by months, 1968 to date[1]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
						Beef, Choice grade							
1968	84.3	85.1	85.6	85.6	85.8	85.8	87.1	87.0	88.4	87.7	88.1	88.5	86.6
1969	89.5	89.6	90.9	93.3	97.8	101.9	102.4	101.1	99.1	95.2	96.5	96.9	96.2
1970	97.5	97.3	99.4	99.9	99.4	98.5	100.7	100.4	98.7	97.9	97.6	96.5	98.6
1971	97.2	101.3	102.2	104.0	104.8	105.7	104.7	105.7	105.9	105.1	106.3	108.5	104.3
1972	111.5	115.8	115.8	112.0	111.4	113.5	117.3	115.8	112.9	112.8	112.3	114.6	113.8
1973	122.1	130.3	135.3	136.0	136.0	135.5	136.3	144.2	144.9	136.0	134.9	134.4	135.5
1974	143.0	150.0	142.2	136.4	135.0	132.2	137.9	143.4	141.6	136.8	134.4	132.2	138.8
						Veal, retail cuts							
1968	99.8	99.2	100.0	102.0	100.0	102.5	101.7	101.4	101.9	101.1	101.9	100.9	101.0
1969	102.5	103.7	104.6	107.5	108.6	112.5	114.0	115.0	115.1	115.2	114.6	116.3	110.8
1970	117.2	119.3	120.8	123.3	123.9	124.9	125.7	126.6	127.0	127.4	127.6	127.9	124.3
1971	128.9	129.4	130.6	132.9	133.7	134.8	138.5	139.3	139.6	140.3	140.6	140.9	135.8
1972	142.8	148.6	149.7	151.0	151.7	154.2	156.4	157.3	157.6	158.4	159.4	159.9	153.9
1973	162.2	169.1	176.9	180.5	181.1	181.3	183.2	188.7	188.5	190.6	186.2	191.6	181.7
1974	194.5	198.6	199.6	195.6	194.3	194.9	193.9	196.5	198.1	194.7	191.6	193.3	195.5
						Pork							
1968	65.4	66.7	67.1	66.3	66.7	67.8	69.4	69.0	68.8	67.8	67.1	67.0	67.4
1969	67.9	68.6	69.0	69.1	71.6	75.0	76.9	78.3	78.9	78.7	78.1	79.7	74.3
1970	82.1	81.8	81.4	79.9	80.0	80.0	80.6	79.7	76.7	74.6	70.8	68.4	78.0
1971	68.4	69.4	69.9	68.7	68.2	69.6	71.4	71.6	71.0	71.3	71.4	72.9	70.3
1972	76.3	81.3	79.4	78.2	79.4	82.0	85.6	86.0	86.6	87.5	87.2	88.5	83.2
1973	94.1	97.1	103.0	102.7	102.4	104.1	107.5	131.5	126.3	117.1	115.4	115.8	109.8
1974	116.7	117.2	111.8	104.7	99.4	93.7	103.7	108.7	109.9	109.0	111.4	112.7	108.2
						Lamb, Choice grade							
1968	89.8	90.4	92.0	92.5	93.3	93.7	94.5	93.6	93.1	94.5	94.2	93.5	92.9
1969	94.5	95.9	96.4	97.1	100.1	101.8	104.4	102.9	103.4	103.9	103.7	104.8	100.7
1970	104.8	104.8	104.7	105.6	103.9	105.7	106.0	106.3	106.3	105.9	105.9	106.4	105.5
1971	105.9	106.5	107.0	107.4	108.0	109.6	111.4	111.5	112.6	110.9	112.7	113.0	109.7
1972	113.0	115.3	115.5	116.8	115.7	119.0	121.2	121.5	121.0	121.5	122.5	123.7	118.9
1973	125.6	130.2	136.1	135.5	134.2	132.2	133.4	140.4	145.4	135.2	131.3	131.7	134.3
1974	132.6	136.9	139.3	137.3	136.5	130.0	143.5	142.4	143.6	140.2	139.4	141.8	138.6

[1] Estimated weighted average price of retail cuts. Compiled by Economic Research Service from BLS data.



assumption that growth in meat demand will continue. Price projections in the following sections will assume further growth in consumer demand, but at a slower rate than in 1974. However, these conditions could change quickly. A deeper recession with much higher unemployment rates could result in a further curtailment of consumer spending that will affect meat purchases more in the coming months than it has in the recent past. Alternatively, if the economy snaps back rather quickly by mid-year, demand for meat may surge. Events of the past 2 years serve as dramatic evidence of how quickly conditions in any segment of the economy can change.

CATTLE

Commercial cattle slaughter of 36.8 million head in 1974 was record large and up 9 percent over 1973. Cattle that had been fed limited amounts of grain not only provided the increase in total cattle slaughter but also made up for the decline in marketings of fed cattle. Marketings from feedlots in the 23 major cattle feeding States in 1974 were 8 percent below 1973 and the lowest since 1968. Commercial cow slaughter, however, is estimated to have totaled near 7.5 million head, 20 percent larger than in 1973, and the largest since 1966.

Slaughter of steers and heifers from feedlots in 1974 made up less than two-thirds of commercial cattle slaughter, down from about 77 percent in 1973. Fed cattle made up a smaller portion of total slaughter as the

Table 3—Beef supplies and prices

Year	Commercial cattle slaughter[1]						Average dressed weight	Commercial production	Per capita consumption[2]	Prices	
	Steers and heifers			Cows	Bulls and stags	Total				Retail	Choice steers, Omaha
	Fed	NOn-fed	Total								
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*Lb.*	*Mil. lb.*	*Lb.*	*Cent/ lb.*	*$/cwt.*
1971: I ...	6,380	572	6,952	1,500	135	8,587	619	5,300	27.7	100.2	31.05
II ...	6,480	687	7,167	1,586	164	8,917	612	5,445	28.1	104.8	32.57
III ...	6,820	666	7,486	1,614	179	9,279	602	5,574	29.3	105.4	32.77
IV ...	6,380	592	6,972	1,675	155	8,802	613	5,378	27.9	106.6	33.44
Year	26,060	2,517	28,577	6,375	633	35,585	611	21,697	113.0	104.2	32.42
1972: I ...	6,630	402	7,032	1,518	148	8,698	619	5,370	28.1	114.4	35.69
II ...	6,930	452	7,382	1,474	166	9,022	619	5,566	28.9	112.3	36.02
III ...	7,140	223	7,363	1,472	180	9,015	618	5,559	29.3	115.3	36.24
IV ...	6,970	395	7,365	1,528	151	9,044	635	5,723	29.7	113.2	35.06
Year	27,670	1,472	29,142	5,992	645	35,779	623	22,218	116.0	113.8	35.83
1973: I ...	6,770	146	6,916	1,590	156	8,662	624	5,393	28.0	129.2	43.17
II ...	6,470	86	6,556	1,434	165	8,155	621	5,049	26.2	135.8	46.00
III ...	6,080	204	6,284	1,533	180	7,997	626	4,998	26.8	141.8	49.04
IV ...	6,570	437	7,007	1,691	175	8,873	638	5,648	28.6	135.1	40.19
Year	25,890	873	26,763	6,248	676	33,687	628	21,088	109.6	135.5	43.89
1974: I ...	6,100	552	6,652	1,689	162	8,503	638	5,429	28.0	145.1	45.39
II ...	6,430	814	7,244	1,390	179	8,813	640	5,637	28.8	134.5	39.52
III ...	5,680	1,518	7,198	1,916	244	9,358	614	5,749	29.4	141.0	44.21
IV ...	5,670	1,684	7,354	2,517	232	10,103	595	6,013	30.1	134.5	38.28
Year	23,880	4,568	28,448	7,512	817	36,777	621	22,828	116.3	138.8	41.82
1975: I[3] ..	5,700	1,700	7,400	2,200	220	9,820	601	5,900	29.8	133.0	37-39
II[3] ..	5,800	1,500	7,300	2,000	220	9,520	609	5,800	29.8	137.0	42-44

[1] Classes estimated. [2] Total including Farm Production. [3] Forecast.

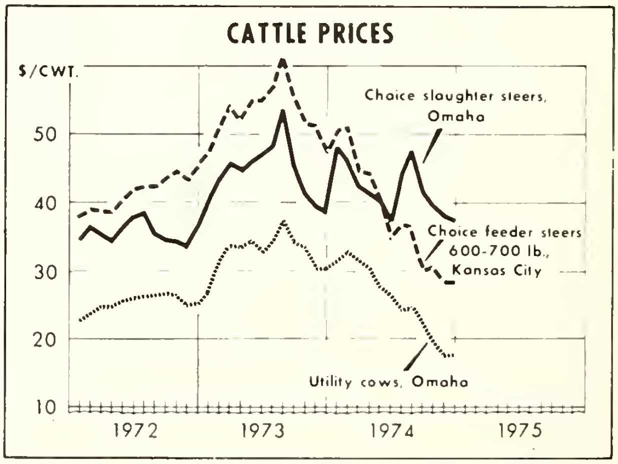
year progressed, dropping from over 70 percent in the first half of the year to less than 60 percent in the second half.

Since leaner cattle made up a larger portion of slaughter in the fall, average slaughter weights dropped dramatically from the unusually heavy weights early in the year. For example, commercial slaughter weights fell from a high of 1,066 pounds live weight in March to a low of 1,001 in October. Dressed weights showed a similar drop. In December, average commercial dressed weights were 8 percent under year-earlier weights.

Prices for all classes of cattle declined from 1973 to 1974. Despite the reduced output of grain fed cattle, average Choice steer prices at Omaha dropped $2 per 100 pounds from a record $43.89 in 1973 to $41.82 in 1974. Good grade steers at Omaha fell from $42.26 in 1973 to $39.66 in 1974. Utility cow prices at Omaha averaged $25.56 per 100 pounds in 1974, more than $7 below 1973, and Choice 600-700 pound feeder cattle at Kansas City averaged $37.88 per 100 pounds in 1974—more than a $15 drop from 1973.

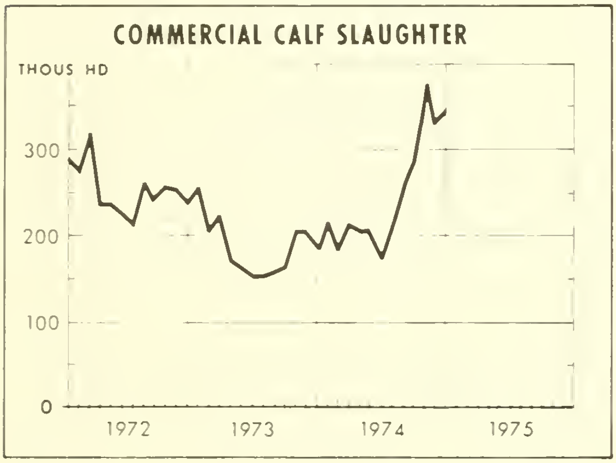
Choice steer prices per 100 pounds, Omaha

Month	1970	1971	1972	1973	1974	1975
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
January	28.23	29.11	35.74	40.62	47.68	36.27
February ...	29.30	32.23	36.19	43.35	46.12	
March	30.97	31.81	35.13	45.55	42.36	
April	30.64	32.44	34.53	44.97	41.18	
May	29.52	32.88	35.66	46.05	40.04	
June	30.29	32.39	37.88	46.98	37.33	
July	31.12	32.44	38.21	48.05	43.98	
August	30.14	33.24	35.66	53.61	47.23	
September ..	29.32	32.62	34.85	45.45	41.41	
October	28.67	32.34	34.85	41.79	39.75	
November ...	27.21	33.58	33.56	39.88	38.04	
December ...	26.71	34.40	36.79	38.90	37.05	
Average	29.34	32.42	35.83	43.89	41.82	



All segments of the cattle and beef industry are still being affected by last summer's drought in much of the Corn Belt and major cattle producing areas of the United States. The effects of the drought (and other bad weather) pushed up feed grain prices and reduced winter roughage supplies. Most cattle feeders are still in a loss position as they have been since late 1973. Feeder cattle now cost only about half of what they did a year ago, but high feed prices and lower fed cattle prices have been offsetting, and cattle feeders' production costs in recent months have remained above market prices.

A record supply of feeder cattle and calves, combined with declining feedlot activity, have put added pressure on smaller winter forage supplies, forcing large numbers of cows and feeder cattle and calves to slaughter.



Winter Slaughter to Remain Large

On January 1 there were 9.6 million cattle on feed in the 23 major cattle feeding States, 26 percent fewer than a year ago and the smallest since 1965. Although nearly all States shared in the decline, the biggest cut in inventories occurred in those States with large-scale feeding operations. Texas, for example, reported a 40 percent decline, California 43 percent, and Arizona 48 percent. Iowa and Illinois, which primarily have smaller farmer-feeder operations, reported declines of 30 percent and 6 percent, respectively.

Financial losses in cattle feeding have had a greater impact on cattle feeding operations in the Western States than in the Corn Belt. The 10 Western States (Washington, Oregon, California, Idaho, Arizona, Montana, Colorado, New Mexico, Oklahoma and Texas) accounted for only 41 percent of the cattle on feed in 23 States on January 1, down from 45 percent last year, reversing a rising trend of several years' duration. These States reduced inventories by 37 percent from a year earlier.

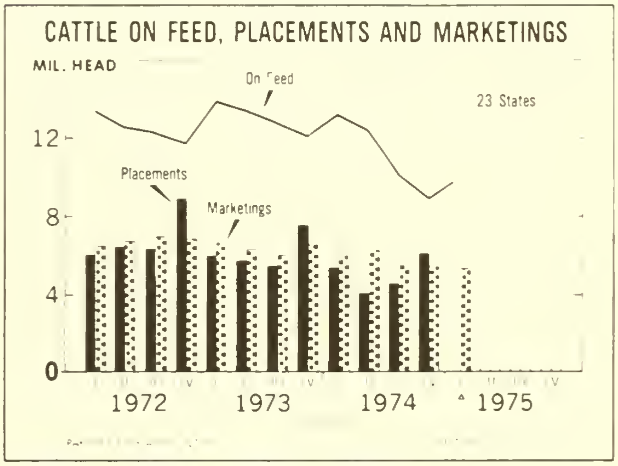
Cattle feeders indicated plans, as of January 1, to market about 5.5 million cattle from feedlots in the 23 major cattle feeding States during January-March. This is 8 percent fewer than a year earlier and about the same as were marketed during October-December. Most of these fed cattle marketings will be supplied by steers in feedlots weighing over 900 pounds and heifers weighing over 700 pounds on January 1. Cattle on feed in these weight groups numbered 4.3 million, 22 percent fewer than a year before. The remainder of fed marketings during January-March come from cattle on feed in the lighter weight groups or cattle placed on feed after January 1 but marketed before April 1.

The past relationship between cattle on feed in these weight groups on January 1 and fed cattle marketings during January-March is shown graphically on the

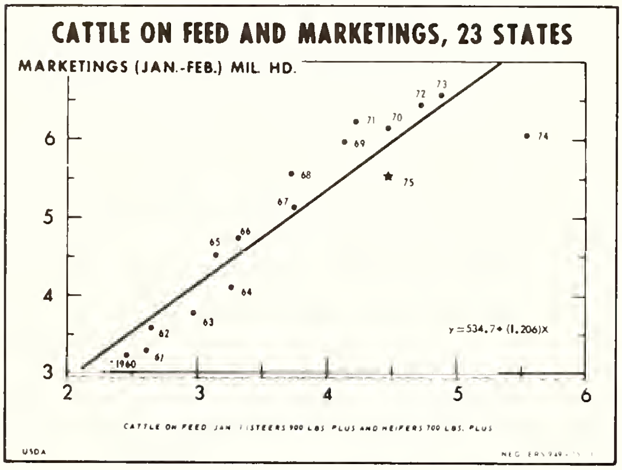
23 States cattle on feed, placements and marketings

Year	On feed	Change previous year	Placements	Change previous year	Marketings	Change previous year
	1,000 head	*Percent*	*1,000 head*	*Percent*	*1,000 head*	*Percent*
1971						
I	12,209	-0.3	5,734	+12.0	6,231	+1.4
II	11,712	+0.8	5,455	+4.1	6,278	+0.9
III	10,889	+2.4	6,371	+3.7	6,594	+4.6
IV	10,666	+2.3	8,842	+10.6	6,178	-0.6
1972						
I	13,330	+9.2	5,933	+3.5	6,443	+3.4
II	12,820	+9.5	6,364	+16.7	6,727	+7.2
III	12,457	+14.4	6,224	-2.3	6.907	+4.7
IV	11,774	+10.4	8,862	+0.2	6,775	+9.7
1973						
I	13,861	+4.0	6,040	+1.8	6,585	+2.2
II	13,316	+3.9	5,696	-10.5	6,283	-6.6
III	12,729	+2.2	5,283	-15.1	5,958	-13.7
IV	12,054	+2.4	7,491	-15.5	6,478	-4.4
1974						
I	13,067	-5.7	5,242	-13.2	5,999	-8.9
II	12,310	-7.6	4,008	-29.6	6,271	-0.2
III	10,047	-21.1	4,627	-12.4	5,522	-7.3
IV	9,152	-24.1	6,009	-19.8	5,542	-14.4
1975						
I	9,619	-26.4			[1] 5,538	-8.0

[1] Expected marketings.



following chart. Fed cattle marketings in the first quarter of 1974 lagged far below what would have been expected from the record inventory of heavy cattle on feed on January 1, 1974, due to various market disruptions including a truckers' strike and rapidly rising fed cattle prices at that time. This year, with more normal patterns of marketing and high feed prices discouraging excessive time in feedlots, marketings will likely meet intentions.

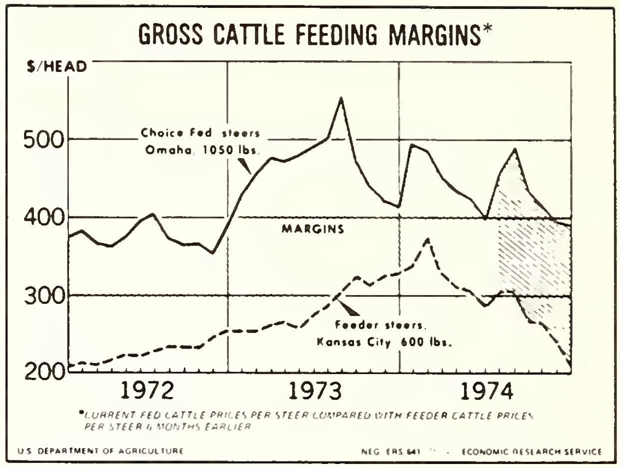


Cattle on feed, January 1, 23 States

Weight group	1972	1973	1974	1975
Steers:				
-500 lb.	1,215	1,065	820	493
500-699 lb.	2,268	2,488	1,953	1,365
700-899 lb.	2,808	3,144	2,947	2,132
900-1099 lb.	2,541	2,549	2,776	2,252
1100 + lb.	490	632	988	665
Total	9,322	9,878	9,484	6,907
Heifers				
-500 lb.	930	881	694	449
500-699 lb.	1,327	1,354	1,019	782
700-899 lb.	1,270	1,184	1,198	969
900-1099 lb.	420	498	586	441
Total	3,947	3,917	3,497	2,641

Total cattle slaughter, however, is expected to remain large and run 10-15 percent above a year ago as cows and nonfed steers and heifers continue to be marketed in large numbers. At best, cattle feeders' profits will be marginal this winter and placements of cattle into feedlots will remain low. Many of the feeder cattle available for placement but not entering feedlots will find their way into the slaughter market. Continued pressure of low feeder cattle prices, plus reduced and expensive winter roughage feed supplies, will likely prevent any substantial decline in cow slaughter during the winter.

January 1 hay stocks on farms, at 85.2 million tons, are 9 percent smaller than 1974. Reduced hay stocks in



Gross cattle feeding margins[1]

Year	Fed cattle[2]	Feeder cattle[3]	Gross margin
	Dollars per steer	*Dollars per steer*	*Dollars per steer*
1972			
January	374	206	168
February	381	211	170
March	369	210	159
April	362	214	148
May	375	221	154
June	398	223	175
July	403	228	175
August	375	233	142
September	364	232	132
October	367	231	136
November	353	243	110
December	387	252	135
1973			
January	427	252	175
February	457	252	205
March	479	260	219
April	473	265	208
May	480	259	221
June	491	275	216
July	500	284	216
August	556	306	250
September	474	324	150
October	440	311	129
November	421	327	94
December	413	329	84
1974			
January	495	339	156
February	487	374	113
March	450	330	120
April	436	311	125
May	425	306	119
June	399	286	113
July	459	303	156
August	490	305	185
September	434	269	165
October	416	265	151
November	396	241	155
December	391	211	180

[1] Current fed prices per steer compared with feeder cattle prices 6 months earlier. [2] Choice steers at Omaha, 1,050 lb. [3] Choice steers at Kansas City, 600 lb.

Table 4—Corn Belt Cattle Feeding

Selected expenses at current rates[1]

Purchased during Marketed during	Dec. June	Jan. 74 July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan. 75	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses													
600 lb. feeder steer	286.26	303.48	304.80	268.86	264.90	240.84	210.60	221.28	220.20	182.94	185.64	172.26	169.62
Transportation to feedlot (400 miles)	4.80	4.80	4.80	4.80	5.04	5.04	5.04	5.04	5.04	5.04	5.28	5.28	5.28
Corn (45 bu.)	108.00	117.00	125.55	120.15	107.55	110.70	117.00	134.10	152.55	148.05	157.05	148.50	147.60
Silage (1.7 tons)	28.25	31.08	33.46	32.37	30.28	30.38	30.58	33.95	38.71	37.93	40.26	39.47	41.62
30% protein supplement (270 lb.)	24.44	24.84	24.17	23.22	23.09	21.74	20.93	21.60	26.60	24.84	26.73	25.78	25.38
Hay (400 lb.)	5.60	6.40	6.95	6.90	7.10	6.75	6.05	6.15	7.05	7.10	7.55	8.16	9.80
Labor (4 hours)	8.84	9.04	9.04	9.04	9.20	9.20	9.20	9.44	9.44	9.44	9.84	9.84	9.84
Management[2]	4.42	4.52	4.52	4.52	4.60	4.60	4.60	4.72	4.72	4.72	4.92	4.92	4.92
Vet medicine[3]	2.48	2.55	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.84	2.86	2.89	2.91
Interest on purchase (6 mo.)	13.20	14.42	14.48	12.77	13.91	12.64	11.06	11.57	11.56	9.60	9.75	9.04	8.90
Power, equip, fuel, shelter, depreciation[3]	11.49	11.79	11.95	12.03	12.32	12.36	12.45	12.56	12.93	13.13	13.22	13.37	13.44
Death loss (1% of purchase)	2.86	3.03	3.05	2.69	2.65	2.41	2.11	2.20	2.20	1.83	1.86	1.72	1.70
Transportation (100 miles)	2.10	2.10	2.10	2.10	2.21	2.21	2.21	2.21	2.21	2.21	2.31	2.31	2.31
Marketing expenses	3.25	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous & indirect costs[3]	4.97	5.10	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.68	5.72	5.78	5.81
Total	510.96	543.45	555.92	510.55	494.14	470.19	443.20	476.32	504.95	458.70	476.34	452.67	452.48
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price/cwt. required to cover feed and feeder costs (1050 lbs.)	43.10	45.98	47.14	43.00	41.23	39.09	36.68	39.72	42.39	38.18	39.74	37.54	37.53
Selling price/cwt. required to cover all costs (1050 lbs.)	48.66	51.76	52.94	48.62	47.06	44.78	42.21	45.36	48.09	43.69	45.37	43.11	43.09
Feed cost per 100 lb. gain	36.95	39.85	42.25	40.59	37.34	37.68	38.79	43.51	49.98	48.43	51.46	49.31	49.87
Choice steers, Omaha	37.33	43.98	47.23	41.41	39.75	38.04	37.05						
Net margin/cwt.	-11.33	-7.78	-5.71	-7.21	-7.31	-6.74	-5.16						
Prices													
Feeder steer choice (600-700 lbs., Kansas City/cwt.)	47.71	50.58	50.80	44.81	44.15	40.14	35.10	36.88	36.70	30.49	30.94	28.71	28.27
Corn/(bu.)[4]	2.40	2.60	2.79	2.67	2.39	2.46	2.60	2.98	3.39	3.29	3.49	3.30	3.28
Hay/ton[4]	28.00	32.00	34.75	34.50	35.50	33.75	30.25	30.75	35.25	35.50	37.75	40.75	49.00
Corn silage /ton[5]	16.62	18.28	19.68	19.04	17.81	17.87	17.99	19.97	22.77	22.31	23.68	23.22	24.48
30%, Protein supplement/cwt.[6]	9.05	9.20	8.95	8.60	8.55	8.05	7.75	8.00	9.85	9.20	9.90	9.55	9.40
Farm Labor/hour[6]	2.21	2.26	2.26	2.26	2.30	2.30	2.30	2.36	2.36	2.36	2.46	2.46	2.46
Interest annual rate	9.22	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Transportation rate/cwt. 100 mile	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21	.22	.22	.22
Marketing expenses[8]	3.25	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers 1910-14 100)	524	538	545	549	562	564	568	573	590	599	603	610	613

[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level and locality of operation. [2] Assumes one hour at twice the labor rate. [3] Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Average price received by farmers in Iowa and Illinois. [5] Corn silage price derived from an equivalent price of 5 bushels corn and 330 lb. hay. [6] Average price paid by farmers in Iowa and Illinois. Converted from cents/mile for a 44,000 pound haul. [8] Yardage plus commission fees at a midwest terminal market.

Table 5—Texas Panhandle Cattle Feeding

Selected expenses at current rates[1]

Purchased during / Marketed during	Dec. / June	Jan. 74 / July	Feb. / Aug.	Mar. / Sept.	Apr. / Oct.	May / Nov.	June / Dec.	July / Jan. 75	Aug. / Feb.	Sept. / Mar.	Oct. / Apr.	Nov. / May	Dec. / June
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses													
600 lb. Feeder steer	257.52	281.58	260.28	235.26	240.60	205.80	168.36	189.24	174.00	150.72	151.80	171.00	133.68
Transportation to feedlot (150 mi.)	1.80	1.80	1.80	1.80	1.89	1.89	1.89	1.89	1.89	1.89	1.98	1.98	1.98
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sorghum grain (2156 lb.)	83.87	89.47	99.82	98.31	85.38	81.07	79.77	89.47	108.45	113.62	125.48	126.77	115.13
Corn (18 bu.)	46.98	49.32	52.20	50.94	45.54	45.54	46.26	49.32	56.88	59.58	61.74	60.12	58.32
Ureau (20 lb.)	.92	.92	.92	.92	1.94	1.94	1.94	1.94	1.94	2.30	2.30	2.30	2.30
Cottonseed hulls (352 lb.)	8.54	8.54	8.80	8.80	8.80	8.80	8.80	8.80	9.24	9.86	10.56	10.67	11.02
Alfalfa cubes (352 lb.)	23.76	24.86	25.30	23.54	23.54	25.08	22.88	24.20	25.74	27.06	27.06	27.28	26.40
Labor (2 hours)	3.54	3.72	3.72	3.72	3.80	3.80	3.80	3.90	3.90	3.90	3.94	3.94	3.94
Management[2]	3.54	3.72	3.72	3.72	3.80	3.80	3.80	3.90	3.90	3.90	3.94	3.94	3.94
Vet medicine[3]	2.48	2.55	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.84	2.86	2.89	2.91
Interest on purchase (6 mo.)	11.87	13.38	12.36	11.17	12.63	10.80	8.84	9.94	9.14	7.91	7.97	8.98	7.02
Power, equip., fuel, shelter, dep.[3]	11.49	11.79	11.95	12.03	12.32	12.36	12.45	12.56	12.93	13.13	13.22	13.37	13.44
Death Loss (1.1% of purchase)	2.83	3.10	2.86	2.59	2.65	2.26	1.85	2.08	1.91	1.66	1.67	1.88	1.47
Transport and Marketing expense[4]	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Miscellaneous & Indirect costs[3]	4.97	5.10	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.68	5.72	5.78	5.81
Total	467.11	502.85	494.48	463.60	452.86	414.16	371.71	408.39	421.31	407.05	423.24	443.90	390.36
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price required/cwt. to cover feed & feeder costs[5]	41.82	45.11	44.38	41.45	40.26	36.53	32.54	36.01	37.33	36.03	37.59	39.50	34.41
Selling price required/cwt. to cover all costs[5]	46.34	49.89	49.06	45.99	44.93	41.09	36.88	40.51	41.80	40.38	41.99	44.04	38.73
Feed cost/100 lb. gain	36.46	38.47	41.56	40.56	36.71	36.10	35.48	38.61	44.94	47.20	50.48	50.48	47.37
Good and Choice slaughter steers, Texas/cwt.	36.40	43.78	45.60	39.53	38.84	36.86	31.69						
Net margin/cwt.	-9.94	-6.11	-3.46	-6.46	-6.09	-4.23	-5.19						
Prices													
Good feeder steer 600 lb. Amarillo/cwt.	42.92	46.93	43.38	39.21	40.10	34.30	28.06	31.54	29.00	25.12	25.30	28.50	22.28
Transportation rate/cwt. 100 mi.[6]	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21	.22	.22	.22
Commission fee/cwt.	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Sorghum grain/cwt.[7]	3.89	4.15	4.63	4.56	3.96	3.76	3.70	4.15	5.03	5.27	5.82	5.88	5.34
Corn/bu.	2.61	2.74	2.90	2.83	2.53	2.53	2.57	2.74	3.16	3.31	3.43	3.34	3.24
Alfalfa cubes/ton	135.00	141.25	143.75	133.75	133.75	142.50	130.00	137.50	146.25	153.75	153.75	155.00	150.00
Cottonseed Hulls/ton	48.50	48.50	50.00	50.00	50.00	50.00	50.00	50.00	52.50	56.00	60.00	60.50	62.50
Ureau/ton[8]	92.00	92.00	92.00	92.00	194.00	194.00	194.00	194.00	194.00	230.00	230.00	230.00	230.00
Farm labor[8]	1.77	1.86	1.86	1.86	1.90	1.90	1.90	1.95	1.95	1.95	1.97	1.97	1.97
Interest rate	9.22	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Index of prices paid by farmers (1910-14=100)	524	538	545	549	562	564	568	573	590	599	603	610	613

[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. [2] Assumes one hour at twice the labor rate. [3] Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Most cattle are sold F.O.B. the feedlot with 4% shrink, [5] Sale weight = 1008 lbs. (1050-4% shrink). [6] Converted from cents per mile for a 44,000 pound haul. [7] Average price received by farmers in Texas. [8] Average price paid by farmers in Texas.

Table 6—California Cattle Feeding

Selected expenses at current rates[1]

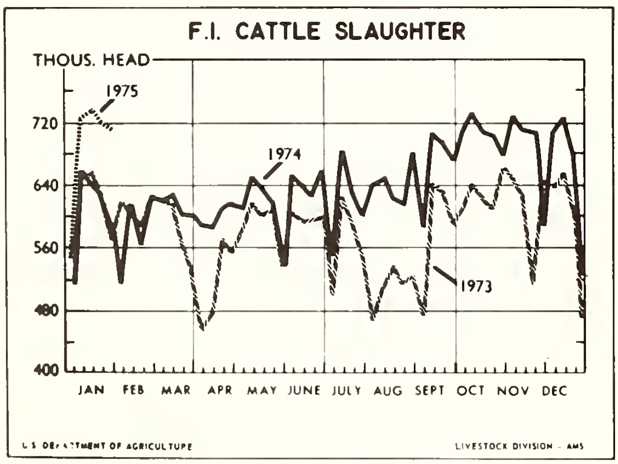
Purchased during / Marketed during	Dec. / Sept.	Jan. 74 / Oct.	Feb. / Nov.	Mar. / Dec.	Apr. / Jan. 75	May / Feb.	June / Mar.	July / Apr.	Aug. / May	Sept. / June	Oct. / July	Nov. / Aug.	Dec. / Sept.
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses													
450 lb. feeder steer	217.53	242.01	233.55	212.76	203.63	175.50	142.29	144.95	139.50	117.54	113.22	101.52	99.14
Transportation to Feedlot (1400 miles)	12.60	12.60	12.60	12.60	13.23	13.23	13.23	13.23	13.23	13.23	13.86	13.86	13.86
Commission	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Barley (70 bu.)	186.90	192.50	205.10	207.20	174.30	162.40	165.20	175.70	212.80	219.10	228.90	237.30	237.30
41% Cottonseed Meal (59 lb.)	6.20	6.49	6.49	5.90	5.90	5.55	5.37	5.13	5.66	5.90	5.43	5.66	5.31
Urea (28 lb.)	1.47	1.47	1.47	1.47	2.66	2.66	2.66	2.66	2.66	3.01	3.01	3.01	3.01
Alfalfa hay (862 lb.)	29.74	30.60	31.68	31.25	31.03	28.88	28.02	27.15	27.37	27.15	27.37	27.58	27.58
Labor (2 hours)	4.60	4.72	4.72	4.72	4.82	4.82	4.82	4.98	4.98	4.98	5.08	5.08	5.08
Management[2]	4.60	4.72	4.72	4.72	4.82	4.82	4.82	4.98	4.98	4.98	5.08	5.08	5.08
Vet Medicine[3]	2.48	2.55	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.84	2.86	2.89	2.91
Interest on purchase (9 months)	15.05	17.26	16.65	15.17	16.05	13.83	11.21	11.41	10.99	9.26	8.92	7.99	8.67
Power, equip., fuel, shelter, depreciation[3]	11.49	11.79	11.95	12.03	12.32	12.36	12.45	12.56	12.93	13.13	13.22	13.37	13.44
Death Loss (2% of purchase)	4.35	4.84	4.67	4.26	4.07	3.51	2.85	2.90	2.79	2.35	2.26	2.03	1.98
Transport & marketing expenses[4]	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Miscellaneous and indirect costs[3]	4.97	5.10	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.68	5.72	5.78	5.81
Total	504.23	538.90	543.60	522.13	483.07	437.83	403.24	416.05	448.53	431.40	437.18	433.40	431.42
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price required/cwt. to cover feed and feeder costs[5]	44.90	48.08	48.61	46.60	42.43	38.11	34.91	36.14	39.43	37.88	38.41	38.12	37.84
Selling price required/cwt. to cover all costs[5]	51.24	54.77	55.24	53.06	49.09	44.49	40.98	42.28	45.58	43.84	44.43	44.04	43.84
Feed cost/100 lb. gain	39.01	40.18	42.56	42.75	37.20	34.69	35.00	36.63	43.22	44.38	46.04	47.57	47.51
Choice slaughter steers-California/cwt.	41.00	39.95	38.75	38.75									
Net margin/cwt.	-10.24	-14.82	-16.49	-14.31									
Prices													
Feeder steer (Good, 400-500 lb. Fort Worth/cwt.)	48.34	53.78	51.90	47.28	45.25	39.00	31.62	32.21	31.00	26.12	25.16	22.56	22.03
Transportation rate/cwt. (100 miles)[6]	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21	.22	.22	.22
Commission fee/cwt.	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Barley/bushel	2.67	2.75	2.93	2.96	2.49	2.32	2.36	2.51	3.04	3.13	3.27	3.39	3.39
Alfalfa hay/ton[7]	69.00	71.00	73.50	72.50	72.00	67.00	65.00	63.00	63.50	63.00	63.50	64.00	64.00
41% Cottonseed meal/cwt.[8]	10.50	11.00	11.00	10.00	10.00	9.40	9.10	8.70	9.60	10.00	9.20	9.60	9.00
Urea/ton[8]	105.00	105.00	105.00	105.00	190.00	190.00	190.00	190.00	190.00	215.00	215.09	215.00	215.00
Farm labor/hour[8]	2.30	2.36	2.36	2.36	2.41	2.41	2.41	2.49	2.49	2.49	2.54	2.54	2.54
Interest rate	9.22	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Index of prices paid by farmers (1910-14 100)	524	538	545	549	562	564	568	573	590	599	603	610	613

[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. [2] Assumes one hour at twice the labor rate. [3] Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. [4] Most cattle are sold F.O.B. the feedlot with a 4% shrink. [5] Sale weight 984 lbs. (1025 less 4% shrink). [6] Converted from cents per mile for a 44,000 pound haul. [7] Average price received by farmers in California. [8] Average price paid by farmers in California.

most of the major cattle producing States could increase marketings if winter storms with a heavy snow cover should occur. Kansas, for example, reported a 33-percent smaller hay supply than a year ago.

A severe snowstorm followed by bitter cold weather in the North Central States in mid-January further taxed smaller hay supplies. Hay stocks in Minnesota, Iowa, and Nebraska—the States hardest hit by the storm—are 13-17 percent smaller than last year. With winter feed supplies short, more cattle than usual were feeding on crop residues and were not in protected areas when the storm hit. Death losses were high in some areas.

The higher death losses in this area may have wiped out some cattle that would normally have been slaughtered this winter. The death losses, however, will likely be compensated for by other cattle that move to slaughter because of the snow-covered feed. Weekly cattle slaughter under Federal inspection during January averaged near 725,000 head per week, up considerably from the weekly average of 680,000 during October-December.



Cattle Prices to Rise

Although total cattle slaughter will remain large, some decline from the January 1975 level is expected which will mean a strengthening of prices from January lows for all classes of cattle.

When pastures begin to "green up" again in the spring and grazing expands cow slaughter will likely decline from the winter level. Unless feed prices begin their upward spiral again, a strengthening fed cattle market by late winter or early spring could improve the profit-loss situation of cattle feeders sufficiently to encourage an increase in feedlot placements during April-June for the first time in 2 years. While the volume of feeder cattle moving into feedlots in the spring will not be large by historical standards, the increased movement could help relieve some pressure on the slaughter market for a time if nonfed steer and heifer slaughter declines somewhat from the winter level.

The price of Choice steers at Omaha averaged $38.28 during October-December and is expected to advance throughout most of the first half of 1975 from January lows of $35-$36 per 100 pounds. Small supplies of fed cattle, seasonally declining slaughter of nonfed steers, heifers, and cows, and reduced output of pork and poultry through the first 6 months of 1975 could pull Choice steers up to near $40 per 100 pounds during February-March, and allow a further advance into the mid-$40's in the spring. All classes of cattle would likely share in the increase. Utility cow prices, which were the lowest since 1969 during late December and early January at $16-$18 per 100 pounds, could advance past $20 per 100 pounds in the spring. Feeder cattle prices could also advance and run in the $30-$35 per 100 pounds range unless feed prices turn much higher than now seems likely.

Utility cow prices per 100 pounds, Omaha

Month	1970	1971	1972	1973	1974	1975
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
January	20.93	19.98	22.61	26.67	31.45	16.82
February ...	22.18	20.98	23.80	31.43	32.65	
March	23.24	22.03	24.73	33.90	31.76	
April	23.23	21.48	24.70	33.59	30.49	
May	22.64	22.30	25.51	34.26	27.67	
June	22.58	22.03	26.00	33.09	26.39	
July	20.85	21.68	26.22	34.21	24.22	
August	20.48	21.72	26.18	37.56	24.54	
September ..	21.13	21.84	26.57	34.58	22.56	
October	20.84	22.30	26.19	33.68	19.68	
November ...	19.04	21.45	24.98	30.71	17.62	
December ...	18.77	21.64	25.02	30.10	17.67	
Average ...	21.32	21.62	25.21	32.82	25.56	

Feeder cattle prices per 100 pounds, Kansas City

Month	Choice feeder steers 600-700 lbs.			Choice feeder steer calves[1]		
	1973	1974	1975	1973	1974	1975
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	47.33	50.58	26.45	51.95	54.66	25.09
Feb.	50.98	47.95		56.10	54.45	
Mar.	54.01	44.81		62.72	54.02	
Apr.	51.82	44.15		60.42	50.30	
May	54.55	40.14		62.59	45.48	
June	54.85	35.10		62.42	39.96	
July	56.49	36.72		64.40	37.72	
Aug.	62.40	36.70		72.52	36.84	
Sept.	55.06	30.49		62.80	32.40	
Oct.	51.86	30.94		59.46	30.47	
Nov.	51.02	28.71		56.42	27.31	
Dec.	47.71	28.27		52.59	26.54	
Av.	53.17	37.88		60.36	40.85	

[1] 400-500 lbs.

Inventory Continues Up

Although cattle slaughter in 1974 was record large and many cows were culled from the herd during the last half of the year, the cattle herd grew by another 4.2

million head and reached a record 131.8 million on January 1, 1975, up 3 percent from a year earlier. Most of the culled cows were replaced by heifers, and the cow herd grew 4 percent to 56.6 million head. The beef cow herd grew 6 percent to top 45.4 million head while the dairy cow herd stabilized at about 11.2 million.

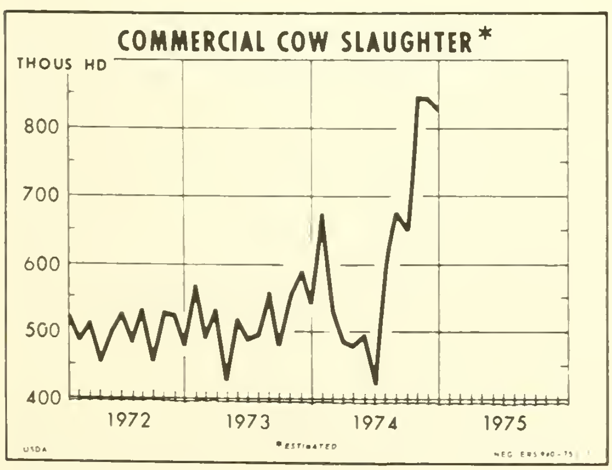
The number of heifers weighing over 500 pounds for beef cow replacement grew by 653,000 head in 1974 to top 8.9 million head, slightly less than the growth of 790,000 head in this category during 1973. This points to a continued increase in the beef cow herd after growing 24 percent in the last 5 years.

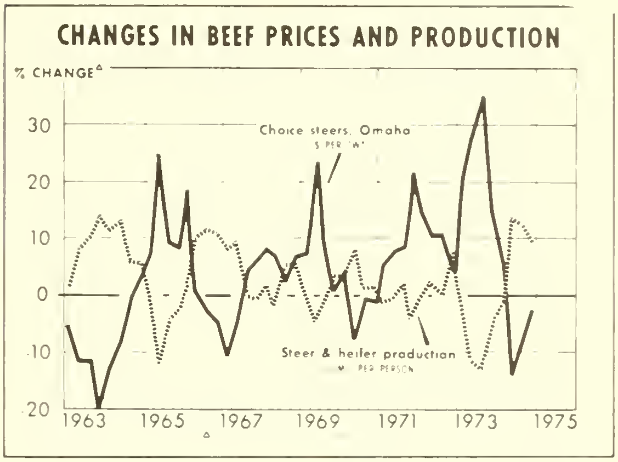
A 4 percent larger cow herd on January 1 suggests a similar increase for the 1975 calf crop, which could total 52½-53 million head. The 1974 calf crop estimate was revised downward slightly on January 1 from last July's estimate of 51.0 million, and is now reported to be 50.8 million.

The expanding herd provides the potential for larger supplies of beef in 1975 and 1976. Another record-large calf crop in 1975 together with the large carryover of young cattle not placed on feed in 1974 will mean record slaughter supplies available for the next year or so. Forage supplies and the level of feed prices will determine if these record supplies are slaughtered as fed or nonfed cattle.

Range conditions, feed prices, and prospects for the new feed grain harvest by early summer will be the major factors affecting both the kind and amount of cattle slaughter in the last half of 1975 and in 1976. Potential slaughter supplies will be record large. If range feed supplies are adequate, feeder cattle prices remain relatively low, and feed prices stay high as now seems likely, then nonfed steer, heifer, and cow slaughter could again increase sharply during the last half of 1975 as it did in 1974. Total beef supplies could exceed a year earlier by a large margin and fed cattle prices could weaken along with the prices of lower grade cattle.

So, even if cattle prices strengthen in early 1975, it will not signal a "return to normalcy" in the cattle industry. Premature optimism for cattle feeding could easily upset the delicate balance between livestock feed grain use and the reduced feed grain supply which must carry the livestock industry through the summer. While not likely, significant increases in the number of cattle placed on feed in early 1975 could send feed prices up quickly if feed disappearance is much larger than now seems likely.





Fewer Feedlots

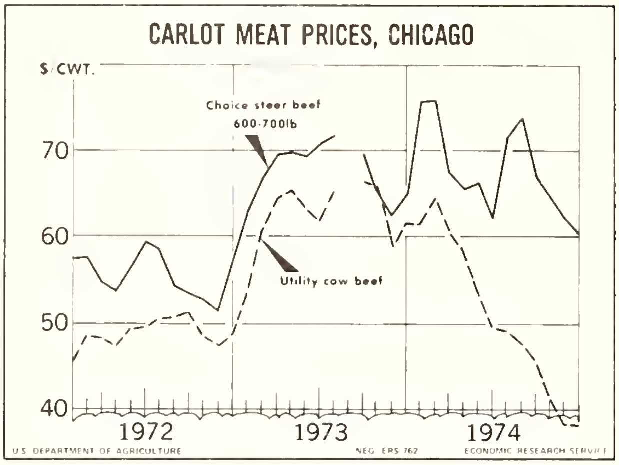
Financial losses to cattle feeders for well over a year contributed to the decline in the number of feedlots in the 23 major cattle feeding States. On January 1, there were about 138,000 feedlots in these States. This was an 8½ thousand decline in 1974, added to an 8,000 decline in 1973. The smaller feedlots of under 1,000 head capacity accounted for almost all of the decline. Feedlots of less than 1,000 head made up 99 percent of all feedlots but accounted for only 35 percent of the fed cattle marketed last year. Ten years ago these smaller lots marketed 60 percent of the fed cattle.

There were 1,922 feedlots with a capacity of 1,000 head or more, 6 percent fewer than a year earlier. Nebraska, with 460, had the most feedlots in this category and marketed an average of 4,402 head per lot. In comparison, Texas reported only 199 feedlots with more than 1,000 head capacity but marketed an average of 19,166 fed cattle per lot last year.

In the 23 States an average of 169 head of fed cattle per feedlot were marketed in 1974, compared with 173 in 1973. During 1974, 73 feedlots with a capacity of 32,000 head per lot or more marketed almost 20 percent of the fed cattle in the 23 major feeding States. Of the 73 feedlots in this category, 31 were located in Texas.

Wholesale and Retail Beef Trade

Record supplies of beef in late 1974 pushed wholesale and retail prices of beef in December to the lowest level in several months. Commercial beef production during October-December totaled 6.0 billion pounds, 5 percent more than the previous record set in the July-September period. Choice 600-700 pound steer carcasses at Chicago fell below $60 per 100 pounds in



early December, the lowest since 1972. Large supplies of nonfed beef have proven to be very competitive in the overall beef trade despite the low level of grain-fed beef supplies. Cow beef prices at Chicago in late December and January fell to about $37 per 100 pounds for Canner and Cutter grades, the lowest in 5 years. The spread between Choice steer beef and Utility cow beef in the last week of December was about $24 per 100 pounds, somewhat less than earlier in the fall but a considerable change from early spring when the spread was only $3-$5. By the middle of January the spread had widened again to $28. Of the 10 million cattle slaughtered during October-December, about 56 percent were grain-fed steers and heifers, 17 percent nonfed steers and heifers, and about 27 percent were cows and bulls. In contrast, slaughter in the spring of 1974 was 73 percent grain-fed steers and heifers, 9 percent nonfed steers and heifers, and 18 percent cows and bulls.

The average composite price per pound of beef at the retail level in December was $1.32 per pound, the lowest since February 1973 and 12 percent lower than the record $1.50 per pound recorded in February 1974. Despite the decline in retail beef prices throughout most of the year, retail prices averaged $1.39 per pound in 1974, a 2 percent rise from 1973.

Although commercial beef production during January-March will remain above year-earlier levels, production will likely decline from the October-December level. Average slaughter weights will also be down from the unusually heavy weights of last year, so beef production will not be up as much as cattle slaughter. More nonfed cattle and fed cattle at lighter weights could reduce average dressed weights 5-7 percent during January-March compared with a year earlier. Wholesale and retail prices will begin to trend higher through the first half of 1975. Spreads between steer beef and cow beef carcasses will remain wide but could narrow some in the spring. In late January Choice steer beef carcasses were selling near $60 per 100 pounds and Utility cow beef was just over $36.

Cold storage holdings of beef increased slightly during the last 3 months of 1974 but have remained below the unusually high level of a year earlier. January 1 cold storage beef stocks were 392 million pounds, 12 percent less than a year earlier.

Beef Imports Down

Beef imports (carcass weight) in 1974 totaled about 1.6 billion pounds, almost 20 percent less than 1973. Imported beef was about 6.6 percent of domestic consumption in 1974 or about 7.7 pounds per person. Imported beef in 1973 made up nearly 9 percent of consumption, 9.6 pounds per person.

Meat imported into the United States under the Meat Import Law during 1974 totaled 1,079 million pounds (product weight), 20 percent less than in 1973. 97 percent of the meat subject to quota in 1974 was beef.

On December 31, 1974 the U.S. Department of Agriculture estimated 1975 imports under this law to total 1,150 million pounds, 7 percent more than 1974 but 30 million pounds below the level required to trigger imposition of the Meat Import Law. The 1,150 million pounds to be imported in 1975 are based on expectations of the U.S. Department of State negotiating voluntary restraints with major supplying countries.

Since mid-1972, imports of meat covered by the Meat Import Law have been unrestricted due to suspension of import quotas. From 1968 to mid-1972, voluntary restraint programs were in effect.

Public Law 88-482 enacted in August 1964 provides that if yearly imports of certain meats—primarily frozen beef—are estimated to equal or exceed 110 percent of an adjusted base quantity, quotas are to be imposed on the imports of these meats. The adjusted base quantity for 1975 is 1,074.3 million pounds. The amount of estimated imports which would trigger imposition of the quota in 1975 is 1,181.7 million pounds. In the absence of negotiations with supplying countries, meat imports under this law would likely exceed the trigger level.

HOGS

Farmers continued to trim the hog inventory last fall and on December 1, 1974, reported just over 55 million hogs on farms, the fewest since 1965. That was a 10-percent cut from the previous year and 18 percent fewer than the recent peak of 67.4 million head on December 1, 1970. Market hog inventories were cut by 9 percent from a year earlier and breeding stock inventories were reduced 15 percent. With the smaller breeding inventory farmers have indicated plans to reduce sow farrowings during December-May to the lowest on records dating back to 1924. Some increase in the number of pigs per litter would still leave the spring pig crop at the lowest since 1935.

First Half Slaughter to Drop

Inventory reductions of market hogs in all weight groups reported on December 1 point to a moderate

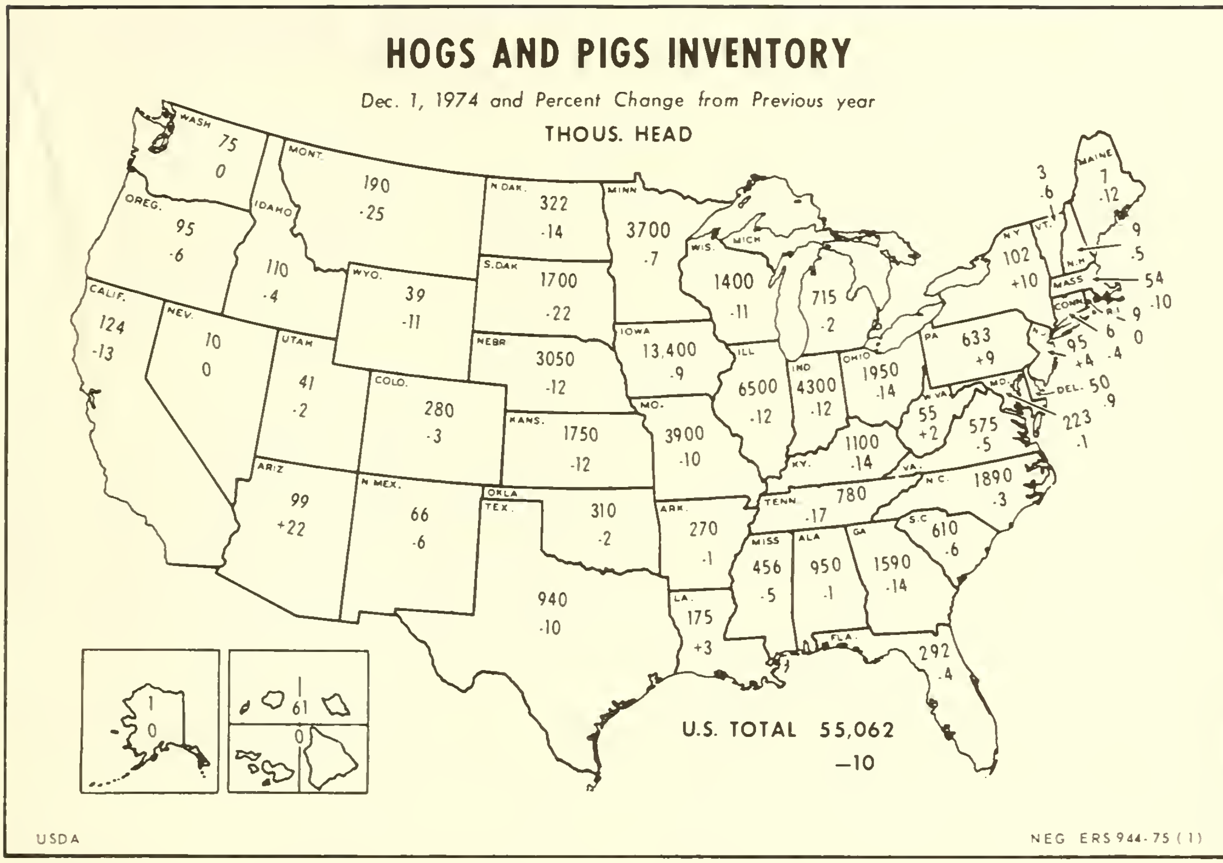
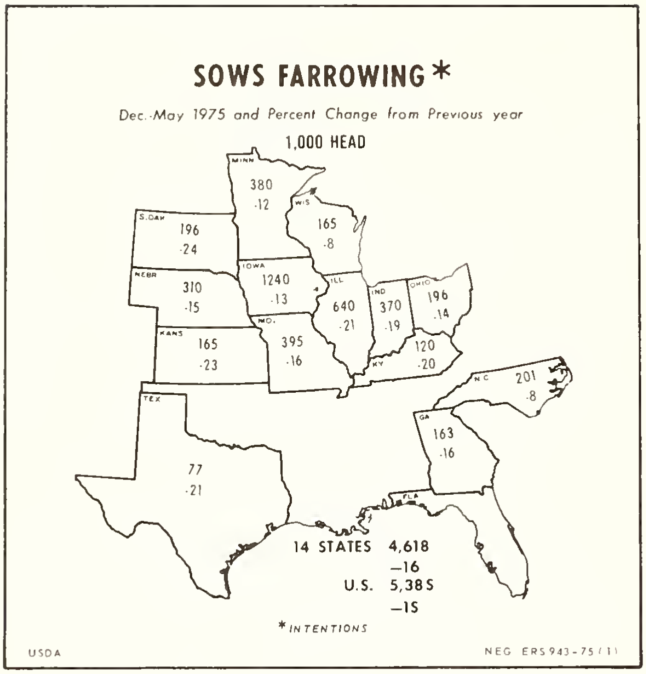


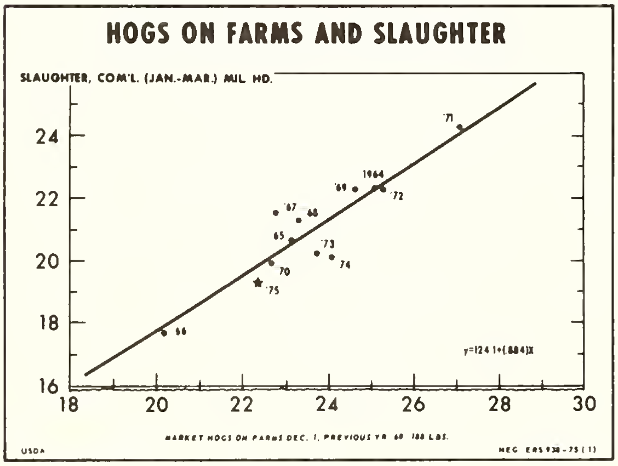
Table 7—Pork supplies and prices

	Estimated commercial slaughter[1]				Average dressed weight	Commercial production	Per capita consumption[2]	Prices	
	Barrows and gilts	Sows	Boars	Total				Retail	Barrows and gilts 7 markets
	1,000 head				Lb.	Mil lb.	Lb.	Cents per lb.	$/cwt
1971: I	22,812	1,270	174	24,256	151	3,671	18.3	69.2	17.60
II	21,938	1,452	220	23,610	156	3,678	17.8	68.8	17.33
III	20,524	1,570	214	22,308	154	3,441	18.0	71.3	19.27
IV	22,499	1,563	202	24,264	157	3,816	18.9	71.9	20.06
Year	87,773	5,855	810	94,438	155	14,606	73.0	70.3	18.45
1972: I	21,029	1,053	178	22,260	157	3,503	17.7	79.0	24.67
II	20,055	1,135	199	21,389	158	3,386	16.6	79.9	25.00
III	17,943	1,305	193	19,441	158	3,064	15.8	86.1	28.85
IV	19,944	1,495	178	21,617	162	3,507	17.3	87.7	28.89
Year	78,971	4,988	748	84,707	159	13,460	67.4	83.2	26.67
1973: I	18,949	1,080	195	20,224	161	3,262	16.0	98.1	35.63
II	18,274	998	206	19,478	163	3,178	15.4	103.1	36.82
III	15,482	1,190	203	16,875	165	2,791	14.0	121.8	49.04
IV	18,842	1,195	181	20,218	166	3,347	16.2	116.1	40.96
Year	71,547	4,463	785	76,795	164	12,578	61.6	109.8	40.27
1974: I	18,876	1,075	187	20,138	167	3,370	16.5	115.2	38.40
II	19,672	1,176	181	21,029	168	3,540	17.2	99.3	28.00
III	17,714	1,803	204	19,721	165	3,247	16.1	107.4	36.59
IV	19,119	1,588	182	20,889	164	3,431	16.2	111.0	39.06
Year	75,381	5,642	754	81,777	166	13,588	66.0	108.2	35.12
1975: I[3]	18,020	1,000	180	19,200	162	3,100	15.4	116.0	39-41
II[3]	17,570	950	180	18,700	160	3,000	14.7	121.0	41-43

[1] Classes estimated. [2] Total including Farm Production. [3] Forecast.



decline in hog slaughter during January-March, followed by a sharper cut in April-June. Market hogs weighing 60-180 pounds last December 1 will supply the bulk of commercial hog slaughter during the first quarter of 1975. These hogs numbered 22.4 million head, down 7 percent from the previous year. The past relationship between the number of market hogs in this weight group on December 1 and commercial hog slaughter during January-March is shown on the following chart.

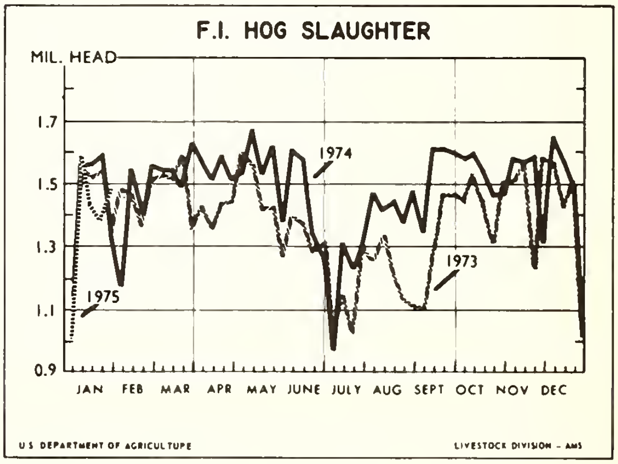


Disruptions of normal marketing patterns during most of 1973 and the first half of 1974 resulted in the slaughter of fewer hogs than was suggested by inventory numbers. Barring any unusual disturbances in the hog market this winter, January-March hog slaughter could return to a more normal pattern, and slaughter would not be cut as much as the percentage reduction in the heavy-weight inventories would indicate. Nevertheless,

Market hogs and pigs by weight groups, as of December 1

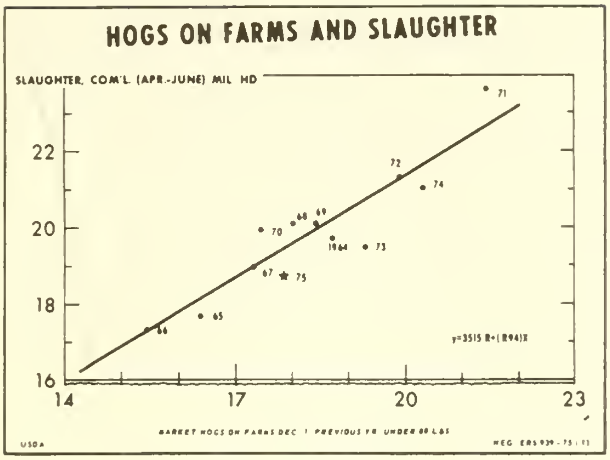
Weight group	1972	1973	1974	Change from 1973
	1,000 head	*1,000 head*	*1,000 head*	*Percent*
Under 60 lb.	19,300	20,340	17,818	-12
60-119 lb.	13,428	13,781	12,603	-9
120-179 lb.	10,257	10,295	9,764	-5
180-219 lb.	5,811	6,157	5,790	-6
220 lb. + ...	1,717	1,847	1,672	-9
Total	50,513	52,421	47,646	-9

commercial slaughter may total between 19-19.5 million head, 3 to 6 percent below last year. With about 94 percent of the commercial hog slaughter moving through federally inspected plants, weekly slaughter under Federal inspection could average almost 1.4 million head, compared with about 1.5 million head per week average during January-March 1974. Federally inspected slaughter for the first 4 full weeks of January this year averaged just under 1.5 million head.



Continuing high feed prices through early 1975 will likely cause average slaughter weights to decline seasonally from the fall and drop well below the unusually heavy weights of early 1974. If weights were to fall back to the 1973 level, pork production would run 4 percent less than hog slaughter during January-March 1975. This would pull commercial pork production down 7-9 percent from a year earlier and 9-11 percent from October-December.

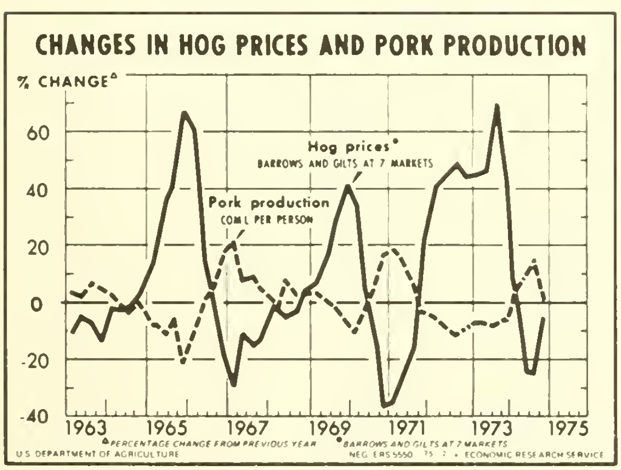
Hog slaughter in the April-June period may total just under 19 million head. This is a slight seasonal decline from the first quarter of 1975 and about 10 percent below a year earlier. This slaughter will be largely from 12 percent fewer market hogs on farms December 1 that weigh less than 60 pounds. This relationship for past years can also be depicted graphically and shows how slaughter in 1973 and 1974 lagged below what would have been expected based on relationship between



HOGS ON FARMS AND SLAUGHTER

inventories and slaughter in previous years. While more normal slaughter patterns are likely in 1975, expected sharp reductions in sow slaughter during the winter and spring will probably keep total hog slaughter below the trend set in the past several years. Like the first quarter, average slaughter weights during April-June are expected to run below the 1974 level, reducing pork production 14-16 percent from a year earlier.

Although commercial hog slaughter in the first half of 1975 will likely be the smallest since 1966, any strength in hog prices will be very sensitive to developments in the cattle market as well as the uncertain outlook for the general economy. If the cattle market improves as expected, and if the economy does not slide too much further into recession, then hog prices will likely advance steadily through the first 6 months of 1975, running mostly in the $40-$45 per 100 pound range.



CHANGES IN HOG PRICES AND PORK PRODUCTION

Hog prices held up unusually well during late 1974, considering the supply and price of beef and the supply of pork. Barrows and gilts at seven markets averaged $39.06 per 100 pounds during October-December while Choice steers at Omaha averaged $38.28. Prices of

Hog prices per 100 pounds, 7 markets[1]

Month	Barrows and gilts			Sows		
	1973	1974	1975	1973	1974	1975
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	32.54	40.59	38.93	26.39	33.93	35.01
Feb.	36.23	39.73		31.22	34.21	
Mar.	38.13	34.88		34.47	31.42	
Apr.	35.56	30.52		32.33	26.60	
May	36.35	26.09		32.46	21.52	
June	38.55	27.40		33.87	21.37	
July	46.64	36.31		40.56	28.12	
Aug.	56.68	37.67		50.62	29.66	
Sept.	43.79	35.79		40.34	29.04	
Oct.	42.12	38.90		37.66	33.39	
Nov.	40.97	38.34		36.14	33.57	
Dec.	39.79	39.93		32.53	33.78	
Av.	40.27	35.12		35.94	29.92	

[1] Average for all weights at Midwest markets.

barrows and gilts at seven markets during the January-March quarter may average only $1-$2 per 100 pounds higher than October-December, followed by another $1-$2 rise in the second quarter, unless cattle prices rise further than expected. Never, in recent history, have market hog prices averaged higher than Choice steer prices on an annual basis and only occasionally have hog prices exceeded Choice steer prices on a quarterly basis.

Second Half Slaughter to Continue Down

The 1975 spring pig crop will supply most of the second half hog slaughter. Last December hog farmers indicated plans to reduce sow farrowings during December-May by 15 percent, to the lowest on record. Considering the extent of sow slaughter during the last half of 1974 and the reported reductions in breeding stock on farms December 1, farrowings could be at or even slightly smaller than the planned level, especially during March-May. Sow slaughter in early December remained at a relatively high level after these intentions were reported. This points to a 14-16 percent reduction in second half commercial hog slaughter.

Although hog prices in the second half are expected to remain strong, significant expansion in hog numbers will not likely begin prior to the 1976 spring pig crop. The level of corn production and prices will hold the key to the timing and magnitude of increase in this pig crop. Hog farmers in the past have not begun expansion with the fall crop and are not likely to do so in 1975. If prospects for a large corn crop are favorable around midyear, withholding of sows and gilts could begin at that time and sow slaughter during the summer could reach record low levels. Gearing up for a sharp increase in the 1976 spring pig crop would tend to reduce second half 1975 commercial hog slaughter even more as females are withheld.

Sows, farrowing, pig crops, and pigs per litter, United States

Year	Sows farrowing	Change previous year	Pig crop	Change previous year	Pigs per litter	Change Previous year
	1,000 head	*Percent*	*1,000 head*	*Percent*	*Number*	*Percent*
1965						
Dec.-May ..	5,890	-11	42,526	-11	7.22	0
June-Nov. . .	5,006	-9	36,415	-9	7.28	+1
1966						
Dec.-May ..	6,208	+5	45,471	+7	7.32	+1
June-Nov. . .	5,810	+16	42,132	+16	7.25	-0.4
1967						
Dec. May ..	6,559	+6	48,117	+6	7.34	+0.3
June-Nov. . .	5,901	+2	43,551	+3	7.38	+2
1968						
Dec.-May ..	6,659	+2	49,077	+2	7.37	+0.4
June-Nov. . .	6,130	+4	45,078	+4	7.35	-0.4
1969						
Dec.-May ..	6,323	-5	46,521	-5	7.36	-0.1
June-Nov. . .	5,745	-6	42,155	-6	7.34	-0.1
1970						
Dec.-May ..	7,134	+13	52,292	+12	7.33	-0.4
Junee-Nov. .	6,882	+20	49,629	+18	7.21	-2
1971						
Dec.-May ..	7,303	+2	52,513	+0.4	7.19	-2
June-Nov. . .	6,297	-8	45,923	-7	7.29	+1
1972						
Dec.-May ..	6,512	-11	47,654	-9	7.32	+2
June-Nov. . .	5,967	-5	43,174	-6	7.24	-0.7
1973						
Dec.-May ..	6,459	-1	46,195	-3	7.15	-2
June-Nov. . .	5,864	-2	42,004	-3	7.16	-1
1974						
Dec.-May ..	6,372	-1	45,075	-2	7.07	-1
June-Nov. . .	5,466	-7	38,880	-7	7.11	-7
1975						
Dec.-May ..	5,385	-15	38,234	-15	7.10	+0.4

Hog Farms Increase

A rather unusual but significant development during 1974 was the increase in the number of hog farms despite the reductions in hog numbers. While the number of hogs on farms shrunk 10 percent from December 1, 1973 to December 1, 1974, the number of hog farms increased 2½ percent, from 754,670 to 773,700. Twenty-six States reported increases in the number of hog farms, 15 reported decreases, and nine reported no change. Iowa, the State reporting the most hog farms, indicated a net reduction of 2,000 but Missouri, the second largest, reported a gain of 2,000. The average number of hogs per farm dropped from 81 in 1973 to 71 in 1974.

An increase in the number of smaller farms raising a few hogs for home consumption or local use could be one factor in increasing the number of farms reporting hogs on hand last year. Also a shift away from the traditional farrow-to-finish hog operation and toward more specialized operations of either farrowing or finishing could result in an increase in the number of hog farms in some of the major feeder pig producing States—including Missouri, Minnesota, and Kentucky—and reductions in the major hog feeding States of Iowa and Illinois.

With the increased number of hog farms, operators may be anxious to expand operations at their first opportunity, especially those operators who are only involved in farrowing operations and may have a limited source of alternative income. When the opportunity presents itself, essentially in the form of lower corn prices and higher feeder pig prices, expansion in hog numbers could be rapid and sizable.

Feeder Pig Market Strong

Smaller feeder pig supplies, relatively stable corn prices, and a strong hog market have helped to strengthen feeder pig prices in January to their highest

Gross hog feeding margins[1]

Year	Hogs 7 markets	Feeder pigs So. Missouri	Margins
	$ per head	*$ per head*	*$ per head*
1972			
January	54.65	14.34	40.31
February	56.34	16.94	39.40
March	51.83	16.62	35.21
April	50.36	18.33	32.03
May	55.70	24.69	31.01
June	58.83	26.25	32.58
July	62.85	26.94	35.91
August	63.49	27.63	35.86
September	64.02	26.63	37.39
October	61.80	24.56	37.24
November	61.14	26.50	34.64
December	67.72	26.00	41.72
1973			
January	71.59	27.85	43.74
February	79.71	28.63	51.08
March	83.89	26.50	57.39
April	78.23	25.56	52.67
May	79.97	26.38	53.59
June	84.81	33.60	51.21
July	102.61	38.69	63.92
August	124.70	34.97	89.73
September	96.34	34.81	61.53
October	92.66	31.90	60.76
November	90.13	40.81	49.32
December	87.54	45.50	42.04
1974			
January	89.30	36.75	52.55
February	87.41	38.25	49.16
March	76.74	37.10	39.64
April	67.14	32.33	34.81
May	57.40	34.70	22.70
June	60.28	33.25	27.03
July	79.88	32.50	47.38
August	82.63	32.18	50.45
September	78.74	22.10	56.64
October	85.49	17.31	68.18
November	84.35	20.31	64.04
December	87.85	19.44	68.41

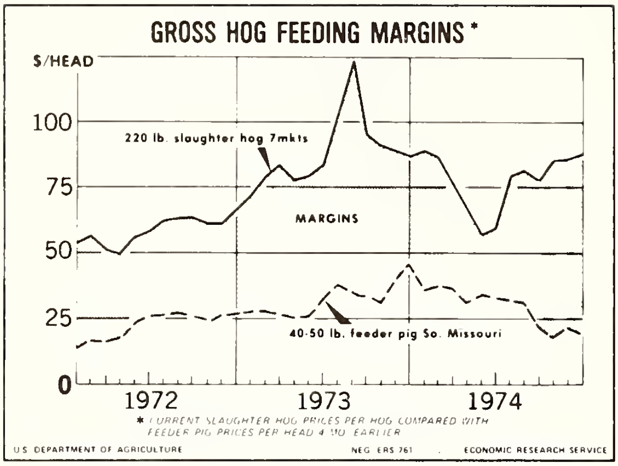
[1] Current 220 lb. Slaughter Hog compared with a 40-50 lb. Feeder Pig purchased 4 months earlier.

Table 8—Corn Belt Hog Feeding[1]

Selected costs at current rates[2]

Purchased during / Marketed during	Dec. / Apr.	Jan. 74 / May	Feb. / June	Mar. / July	Apr. / Aug.	May / Sept.	June / Oct.	July / Nov.	Aug. / Dec.	Sept. / Jan. 75	Oct. / Feb.	Nov. / Mar.	Dec. / Apr.
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses													
40 lb. feeder pig	32.33	34.70	33.25	32.50	32.19	22.10	17.31	21.50	18.90	18.75	24.10	21.13	25.75
Corn (11 bu.)	26.40	28.60	30.69	29.37	26.29	27.06	28.60	32.78	37.29	36.19	38.39	36.30	36.08
Protein supplement (130 lb.)	16.58	16.64	15.60	14.43	13.52	12.42	11.96	12.48	15.80	13.98	15.60	15.14	14.56
Labor & management (1.3 hrs.)	5.75	5.88	5.88	5.88	5.98	5.98	5.98	6.14	6.14	6.14	6.38	6.38	6.38
Vet medicine[3]	1.24	1.28	1.29	1.30	1.33	1.34	1.34	1.36	1.40	1.42	1.43	1.45	1.45
Interest on purchase (4 mo.)	.99	1.10	1.05	1.03	1.13	.77	.61	.75	.66	.66	.84	.74	.90
Power, equip, fuel, shelter, depreciation[3]	3.02	3.10	3.14	3.16	3.24	3.25	3.27	3.30	3.40	3.44	3.47	3.51	3.53
Death loss (4% of purchase)	1.29	1.39	1.33	1.30	1.29	.88	.69	.86	.76	.75	.96	.85	1.03
Transportation (100 miles)	.44	.44	.44	.44	.46	.46	.46	.46	.46	.46	.48	.48	.48
Marketing expenses	1.08	1.10	1.10	1.10	1.10	1.10	1.10	1.12	1.12	1.12	1.12	1.12	1.12
Miscellaneous & indirect costs[3]	.31	.32	.32	.33	.33	.33	.33	.34	.35	.35	.36	.36	.36
Total	89.43	94.55	94.09	90.84	86.86	75.69	71.65	81.09	86.28	83.26	93.13	87.46	91.64
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price/cwt. required to cover feed and feeder costs (220 lbs.)	34.23	36.34	36.15	34.68	32.73	27.99	26.30	30.35	32.72	31.33	35.50	32.99	34.72
Selling price/cwt. required to cover all costs (220 lbs.)	40.65	42.98	42.77	41.29	39.48	34.40	32.57	36.86	39.22	37.85	42.33	39.75	41.65
Feed cost per 100 lb. gain	23.88	25.13	25.72	24.33	22.12	21.93	22.53	25.14	29.49	27.87	29.99	28.58	28.13
Barrows and gilts 7 markets/cwt.	30.52	26.09	27.40	36.31	37.56	35.79	38.86	38.34	39.93				
Net margin/cwt.	-10.13	-16.89	-15.37	-4.98	-1.92	+1.39	+6.29	+1.48	+0.71				
Prices													
40 lb. feeder pig (So. Missouri)	32.33	34.70	33.25	32.50	32.19	22.10	17.31	21.50	18.90	18.75	24.10	21.13	25.75
Corn[4]/(bu.)	2.40	2.60	2.79	2.67	2.39	2.46	2.60	2.98	3.39	3.29	3.49	3.30	3.28
29% protein supplement[5]/cwt.	12.75	12.80	12.00	11.10	10.40	9.55	9.20	9.60	12.15	10.75	12.00	11.65	11.20
Labor and management[6]/hr.	4.42	4.52	4.52	4.52	4.60	4.60	4.60	4.72	4.72	4.72	4.91	4.91	4.91
Interest rate (annual)	9.22	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Transportation rate (¢/cwt. 100 miles)[7]	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21	.22	.22	.22
Marketing expenses[8]	1.08	1.10	1.10	1.10	1.10	1.10	1.10	1.12	1.12	1.12	1.12	1.12	1.12
Index of prices paid by farmers (1910-14 100)	524	538	545	549	562	564	568	573	590	599	603	610	613

[1] Although a majority of hog feeding operations in the Corn Belt are from farrow to finish, relative fattening expenses will be similar. [2] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. [3] Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Average price received by farmers in Iowa and Illinois. [5] Average prices paid by farmers in Iowa and Illinois. [6] Assumes an owner-operator receiving twice the farm labor rate. [7] Converted to cents/cwt. from cents/mile for a 44,000 pound haul. [8] Yardage plus commission fees at a midwest terminal market.



level since April 1974. Feeder pigs at Southern Missouri markets dropped below $20 per head last summer as the outlook for the 1974 corn crop and prices was uncertain at best. As corn prices rose during the fall, feeder pig prices remained in the low $20 range. But in January this year, as corn prices slipped to the lowest level in 6 months and as prospects for hog prices remained optimistic, feeder pig prices responded, topping $30 in January. Fall frost damage to part of the corn crop could be partly responsible for rising feeder pig prices this winter as larger supplies of corn suitable only for feeding became available. Although still low by historical standards, the hog-corn price ratio rose to better than 12 to 1 in January, the highest in 9 months.

Hog-corn price ratio, Omaho basis

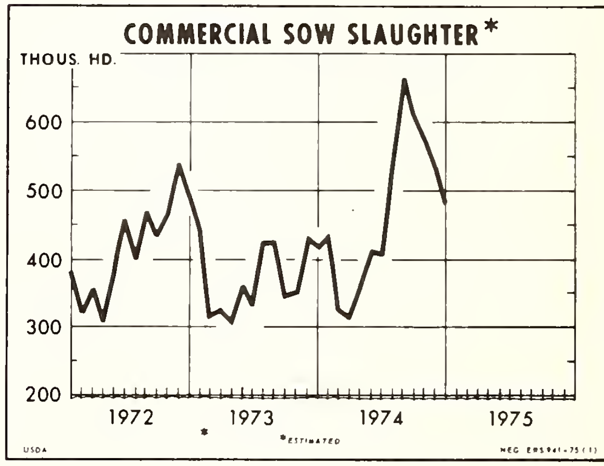
Month	1971	1972	1973	1974	1975
January	11.0	19.7	21.5	14.8	12.5
February . . .	13.2	20.6	23.3	13.4	
March	11.6	19.0	25.4	12.5	
April	11.3	18.2	23.4	12.1	
May	11.8	19.7	19.5	10.2	
June	12.2	21.5	16.9	10.0	
July	13.9	22.8	19.9	11.2	
August	15.1	23.5	20.8	10.5	
September . .	16.3	22.6	18.4	10.3	
October	17.2	21.8	17.8	10.6	
November . .	16.7	20.6	16.9	11.0	
December . .	16.6	20.5	15.7	11.8	
Average . . .	13.6	20.6	19.3	11.6	

With prospects for rising market hog prices, feeder pig prices will likely advance further but higher corn prices would be an offsetting factor. A further decline in corn prices could result in higher feeder pig prices, topping $40, while rising corn prices could push prices back below $30.

1974 Hog Summary

Commercial hog slaughter in 1974 totaled 81.8 million head, 6 percent more than in 1973. Estimated commercial barrow and gilt slaughter increased 5 percent and sow slaughter was up 26 percent. Sow slaughter in the last half of 1974 increased 42 percent. A 2-percent increase in average dressed weights pushed commercial pork production up 8 percent to 13.6 billion pounds. All of the increase in weights occurred in the first 6 months of 1974.

Barrows and gilts at seven markets averaged $35.12 per 100 pounds in 1974, 13 percent less than the $40.27 average of 1973. Sow prices averaged $29.92 per 100 pounds in 1974, down 17 percent from the record $35.94 in 1973.



Pork Consumption and Prices

With the expected 12-percent decline in commercial pork production in the first 6 months of 1975, pork consumption will turn lower and retail pork prices higher with the sharpest changes occurring later in the spring. Pork consumption in January-March could drop about 1 pound per person from the 16½ pounds consumed during January-March 1974. Per capita consumption in the second quarter could be down 2 pounds or more. During 1974 pork consumption was highest in the second quarter at over 17 pounds per person. In 1975, January-March consumption at less than 16 pounds could be the largest quarter. First half 1975 pork consumption will likely be the smallest since 1966.

The retail price per pound of pork in 1974 averaged $1.08 per pound, down about 2 cents per pound from 1973. Prices ranged from a high of $1.17 in February to a low of $0.94 in June. At year-end, pork prices were up to $1.13 per pound and in January rose above $1.14. Although strengthening from current levels, retail pork prices will likely remain under a year earlier through most of the winter as they have since May of 1974, then average higher than a year earlier in April-June.

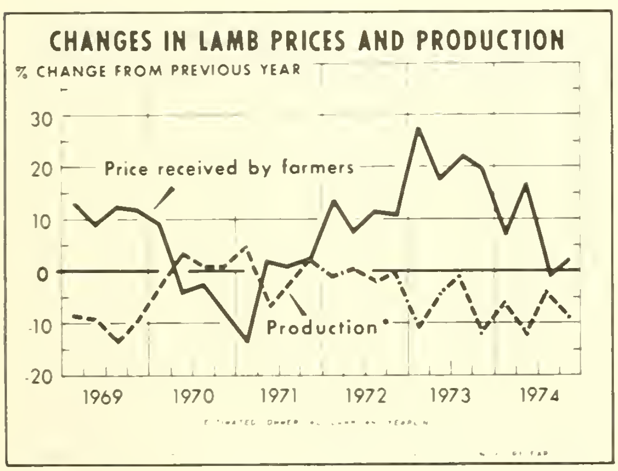
Pork Imports Drop

Pork imports in 1974 totaled 470 million pounds (carcass weight), about 8 percent less than 1973. This was equal to about 3 percent of domestic consumption, or about 2 pounds per person. Denmark was the largest exporter of pork to the United States, supplying about a third of last year's pork imports. Strengthening hog and pork prices in the months ahead may tend to encourage larger pork imports in 1975. Pork exports totaled about 105 million pounds last year, 39 percent below 1973. Over half of the pork exported went to Canada.

Over 196,000 live hogs were imported into the United States in 1974, all of them from Canada. Only 88,000 were imported in 1973. About 16,000 hogs were exported last year, slightly less than the year before. About 44 percent of these hogs went to Mexico.

SHEEP AND LAMBS

Commercial sheep and lamb slaughter in 1974 was 8.8 million head, 8 percent fewer than in 1973. Slaughter in federally inspected plants made up 97 percent of commercial slaughter last year. Federally inspected slaughter by class indicates sheep slaughter declined nearly 30 percent in 1974 while lamb and yearling slaughter dropped 5 percent.



Slaughter lambs were the only category of livestock to register a price increase in 1974. Choice slaughter lambs at five markets (San Angelo, Sioux Falls, South St. Paul, West Fargo, and Wichita) averaged $39.73 per 100 pounds, up $3.29 from 1973. On the average, prices were uniform throughout these markets, ranging from $39.25 at Wichita to $40.40 at San Angelo. Slaughter lamb prices peaked later in the year than they normally do, rising from a five-market average of around $40 per 100 pounds in January to over $47 in May. Smaller spring lamb supplies and reduced lamb imports helped push lamb prices to record levels in the spring, despite depressed prices in the cattle and hog market.

High and rising feed prices last year pushed feeder lamb prices below the 1973 level. Choice feeder lambs at San Angelo averaged about $36 per 100 pounds, down more than $1 from 1973 and $4.50 per 100 pounds below the Choice slaughter lamb price average. The spread between slaughter lamb and feeder lamb prices during the year ranged from no difference in January to $10 per 100 pounds in August. In January 1975, Choice slaughter lambs sold for mostly between $37-$38 with feeder lambs near $34.

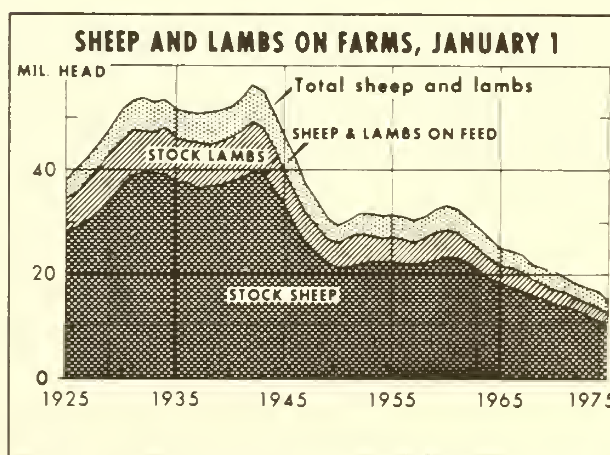
Choice lamb prices per 100 pounds, San Angelo

Month	Slaughter lambs			Feeder lambs		
	1973	1974	1975	1973	1974	1975
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	35.75	39.50	38.25	34.30	39.55	34.12
Feb.	36.50	40.75		37.06	38.12	
Mar.	43.69	40.38		44.75	34.19	
Apr.	39.50	42.25		40.75	41.56	
May	36.70	47.25		36.05	42.00	
June	38.46	46.25		35.31	37.08	
July	37.31	37.94		34.50	31.25	
Aug.	39.42	42.50		38.40	32.58	
Sept.	---	36.12		34.81	30.41	
Oct.	36.00	35.25		35.65	31.75	
Nov.	38.33	37.58		36.67	36.25	
Dec.	38.33	39.25		37.75	36.42	
Av.	38.20	40.42		37.17	35.93	

Inventory Declines

The sheep and lamb inventory on January 1, 1975 was 14.5 million head, 11 percent fewer than 1974. Nearly all States reported a drop in sheep numbers this year. The five largest sheep States (Texas, Wyoming, California, Colorado, and South Dakota) accounted for 47 percent of the total inventory, about the same as last year. Inventories in these States were reduced at the same rate as in the other 45 States.

The large reduction in sheep slaughter during 1974 did not result in any slowdown of breeding stock



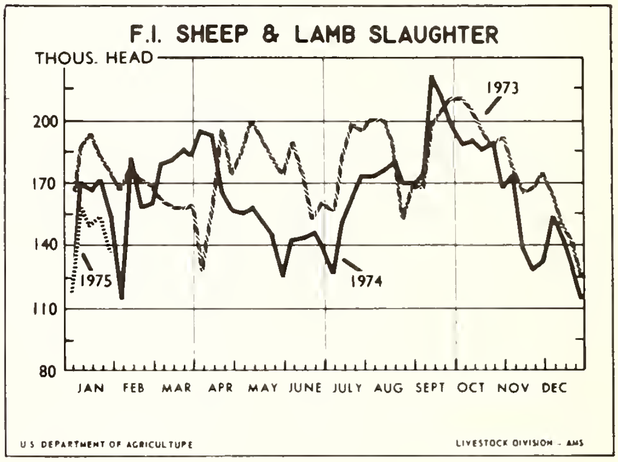
liquidation. The inventory of ewes 1 year and older on January 1 was down 9 percent, compared with an 8-percent drop the year before. Record lamb prices during the year, along with weakening prices of cattle and hogs, did not help slow the liquidation. With 9 percent fewer ewes on hand, the 1975 lamb crop will likely be cut by a similar rate. This could lead to slightly smaller reductions in lamb slaughter during the last half of 1975 than would be suggested by the 11-percent drop in the total inventory at the beginning of the year.

Slaughter to Drop

Fed lambs usually supply the bulk of sheep and lamb slaughter during the winter. Just over 2 million sheep and lambs were on feed January 1, down 22 percent from last year and the smallest on record. Colorado reported the most on feed at 440,000, 14 percent less than a year earlier. Texas, the second largest, reported 204,000, about half of last year's number. California, Arizona and Montana, however, reported more sheep and lambs on feed.

Commercial slaughter during January-March, however, may be down only 8-10 percent considering the number of sheep and lambs outside feedlots. High feed prices and smaller fed lamb supplies should keep price discounts for heavy lamb carcasses to a minimum, unlike March and April 1974 when 55-65 pound carcasses sold for up to $14 per 100 pounds less than 30-45 pound carcasses (Chicago basis). If the fed cattle market perks up as expected, slaughter lamb prices may average in the low $40's during January-March. Feeder lamb prices will likely trail $3-$5 below the slaughter lamb market.

Slaughter supplies in the spring will largely depend on lambs born between October and December last year. These lambs numbered 992,000 head on January 1, or 9 percent fewer than a year ago. However, considering the large percentage decline in slaughter during April-June 1974, slaughter during the second quarter this year may only be down 3-5 percent from a year earlier. Slaughter during this period will likely be the lowest of any



3-month period on record. If the cattle market turns up as expected, slaughter lamb prices will move higher than in the winter, averaging near $43-$45 during April-June.

Table 9—Average retail price of specified meat cuts, per pound, by months, 1971 to date

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
Beef:												
Porterhouse steak												
1971	156.7	158.3	161.5	164.3	166.2	169.7	172.9	172.9	174.8	171.8	169.7	172.0
1972	176.3	180.8	181.3	177.8	175.3	180.1	187.1	187.3	184.9	180.2	182.0	179.7
1973	187.7	197.1	201.4	204.4	204.1	206.4	207.7	216.7	216.3	207.6	202.4	200.2
1974	201.3	214.7	211.5	206.0	204.1	206.6	205.8	220.2	226.6	216.4	212.0	207.8
Round steak												
1971	128.2	131.5	133.7	137.2	136.6	137.7	136.9	138.0	138.8	138.2	137.8	189.1
1972	143.9	151.0	151.3	147.4	143.7	145.9	151.0	150.7	147.1	145.9	147.7	146.6
1973	155.9	167.8	174.6	174.8	173.8	173.9	176.3	187.7	188.5	175.8	174.7	171.4
1974	176.7	193.4	187.3	178.8	175.6	174.7	174.0	182.9	185.9	178.7	177.8	171.0
Rib roast												
1971	114.5	110.8	114.4	115.0	117.7	119.6	120.5	121.1	122.0	120.6	120.1	122.9
1972	126.8	130.5	131.4	129.6	128.1	128.2	132.2	132.2	130.2	128.8	127.8	128.4
1973	137.2	142.3	148.6	150.9	152.4	153.4	154.4	160.1	161.5	157.8	154.5	153.8
1974	154.8	163.4	159.8	154.7	153.3	152.0	152.1	160.1	168.6	164.5	159.7	158.6
Rump roast												
1971	128.1	131.1	133.1	135.6	136.2	136.3	134.6	136.4	136.2	137.6	136.2	136.5
1972	141.0	148.1	149.1	146.0	142.1	145.3	149.3	150.1	147.0	145.7	146.3	145.8
1973	153.7	164.4	169.5	169.8	169.7	170.2	171.6	181.7	182.3	172.1	170.8	167.3
1974	171.8	186.9	182.0	174.8	172.2	171.6	170.5	177.2	180.8	174.3	174.5	169.9
Chuck roast												
1971	69.5	72.1	75.3	75.8	75.5	75.6	75.5	76.0	75.8	75.7	75.8	77.6
1972	79.1	84.2	85.1	83.0	80.7	79.8	83.5	84.6	82.2	81.2	81.1	81.1
1973	85.3	96.1	100.6	103.3	103.6	103.3	103.9	114.2	115.0	106.3	101.8	100.5
1974	101.0	114.7	113.0	102.7	97.4	95.0	95.4	102.2	105.0	101.2	99.5	98.2
Hamburger												
1971	65.7	66.1	67.3	67.8	67.9	68.7	68.6	68.6	69.2	68.9	69.0	69.7
1972	70.6	73.2	74.1	73.8	73.5	74.1	75.1	76.4	75.3	75.7	75.4	75.2
1973	78.2	83.9	91.3	94.2	94.6	95.3	94.8	103.8	106.2	104.2	101.5	100.4
1974	102.6	109.5	108.4	101.2	94.1	95.2	90.5	94.8	96.4	93.0	89.7	87.5
Veal Cutlet												
1971	230.5	231.6	234.0	238.3	240.2	237.6	244.3	245.9	246.7	248.0	248.9	249.6
1972	250.5	260.7	262.7	265.0	266.3	2; 0.7	274.5	276.1	276.6	278.0	279.8	280.8
1973	284.6	295.7	308.5	314.0	314.1	313.5	315.9	324.6	323.4	327.4	327.4	326.0
1974	341.3	348.4	350.2	343.1	340.9	342.0	340.2	344.8	347.5	341.6	336.2	339.2
Pork:												
Chops												
1971	101.7	103.2	109.0	106.5	103.1	106.1	108.8	113.9	110.7	110.6	111.3	112.0
1972	112.3	125.1	119.9	116.8	115.6	120.7	131.6	128.9	132.5	131.3	130.9	129.3
1973	139.5	147.7	154.2	145.0	147.0	150.0	152.1	196.5	169.8	157.9	157.6	153.4
1974	162.7	164.0	158.5	149.7	143.7	139.8	153.9	158.9	164.5	161.9	161.2	159.0
Roast, loin												
1971	73.5	74.2	76.8	74.4	73.6	75.2	76.4	79.6	78.8	77.9	78.3	78.6
1972	79.5	86.9	85.5	82.8	82.1	85.1	93.1	92.1	93.1	93.2	93.3	92.0
1973	99.3	105.5	111.9	109.5	108.7	110.1	111.7	151.5	131.3	120.7	119.7	116.9
1974	122.9	123.9	121.1	111.7	107.5	102.9	113.3	117.6	121.6	119.8	119.1	117.2
Bacon, sliced												
1971	81.3	79.4	80.3	79.5	79.2	79.4	79.8	79.8	80.7	79.8	80.4	80.4
1972	83.2	93.9	92.7	92.5	91.2	93.1	95.7	99.4	99.8	106.0	103.7	103.5
1973	107.3	114.7	118.1	121.6	119.5	121.2	123.1	161.0	166.4	152.8	142.9	141.4
1974	139.1	143.4	137.1	124.8	118.1	109.7	108.9	132.6	140.6	141.6	143.8	144.2
Ham, whole												
1971	74.2	71.4	72.0	67.3	69.4	71.1	70.5	70.5	71.1	69.9	70.3	72.8
1972	74.9	76.6	77.8	76.7	75.2	76.3	77.5	78.0	78.6	79.9	81.9	85.5
1973	92.0	91.0	94.8	99.7	98.4	97.8	98.2	121.7	126.0	115.3	117.0	122.2
1974	121.3	115.9	114.2	108.9	97.3	92.6	89.9	99.0	101.1	102.7	108.8	113.8
Lamb Chops												
1971	186.6	187.2	188.5	188.2	189.7	187.6	191.2	192.4	193.0	191.1	192.7	192.5
1972	192.1	195.5	196.0	195.3	195.0	199.7	203.0	203.6	202.6	203.9	204.0	203.1
1973	205.3	218.1	225.5	227.5	226.6	224.5	228.8	241.4	240.8	227.1	223.4	230.1
1974	200.2	216.3	219.7	213.2	213.0	222.9	225.7	226.1	226.2	223.2	224.5	227.3

Data from the Bureau of Labor Statistics.

Table 10—U.S. meat imports and exports and percentage comparisons (carcass weight), 1973 and 1974

Months	Beef and veal			Lamb and mutton[1]			Pork			Total meat		
	1973	1974	Change	1973	1974	Change	1973	1974	Change	1973	1974	Change
	Mil. lb.	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*
IMPORTS												
January	167	178	+7	4	1	-67	44	43	-3	215	222	+4
February	148	127	-14	7	3	-58	39	47	+20	194	177	-9
March	128	164	+27	8	4	-52	37	52	+41	173	219	+27
April	141	137	-3	5	6	+16	48	43	-11	194	186	-4
May	163	125	-24	7	2	-74	48	39	-18	218	166	-24
June	139	129	-7	3	4	+13	45	29	-34	187	162	-13
July	160	99	-38	5	2	-65	38	33	-13	203	134	-34
August	227	161	-29	4	1	-78	42	25	-42	273	187	-32
September	169	135	-20	2	1	-51	38	36	-5	209	172	-18
October	222	108	-51	3	1	-78	48	39	-19	273	148	-46
November	192	134	-30	3	1	-76	46	40	-13	241	175	-28
December	164	149	-9	1	1	-19	39	43	+9	204	193	-5
Total	2,020	1,645	-18	52	27	-52	512	470	-8	2,584	2,142	-17
EXPORTS												
January	6.50	9.57	+47	0.20	.35	+77	6.10	4.76	-22	12.80	14.68	+15
February	5.04	8.77	+74	.20	.26	+36	12.14	3.13	-74	17.38	12.16	-30
March	6.83	8.06	+18	.25	.34	+35	33.55	4.12	-88	40.63	12.52	-69
April	6.37	6.03	-5	.22	.41	+83	31.15	5.88	-81	37.74	12.32	-67
May	7.99	4.66	-42	.17	.22	+27	29.72	6.22	-79	37.88	11.10	-71
June	8.51	3.48	-59	.16	.22	+42	14.54	9.19	-37	23.21	12.89	-44
July	6.93	3.82	-45	.22	.41	+90	5.68	8.19	+44	12.83	12.42	-3
August	6.76	3.06	-55	.28	.24	-14	4.10	13.20	+222	11.14	16.50	+48
September	5.22	3.34	-36	.21	.27	+31	6.03	15.63	+159	11.46	19.24	+68
October	9.32	4.04	-57	.25	.46	+82	13.96	16.03	+15	23.53	20.53	-13
November	11.02	4.12	-63	.32	.48	+49	8.68	10.22	+18	20.02	14.82	-26
December	10.41	4.27	-59	.26	.31	+20	5.43	8.02	+48	16.10	12.60	-22
Total	90.90	63.22	-30	2.74	3.97	+46	171.08	104.59	-39	264.72	171.78	-35

[1] Includes goat meat.

Table 11—Meat subject to U.S. import quota restriction: Product weight of imports by months, average 1959-63, 1964-74

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
1959-63 average	47.3	49.6	57.5	54.3	48.5	58.6	67.1	84.1	76.1	61.6	56.1	61.4	722.2
1964	87.2	44.9	68.9	61.4	51.1	98.1	43.7	79.5	49.6	46.4	55.7	53.4	739.9
1965	28.2	34.5	68.7	32.4	52.3	41.9	58.5	59.9	62.2	64.4	57.2	53.7	613.9
1966	51.4	60.3	49.4	63.3	52.0	100.2	61.4	87.1	91.5	79.7	61.1	66.0	823.4
1967	77.4	58.5	61.9	58.8	51.5	69.6	88.7	92.2	89.8	91.8	82.3	72.4	894.9
1968	80.7	72.6	64.1	78.4	56.1	105.1	86.4	108.6	115.5	102.1	95.8	35.6	1,001.0
1969[1]	41.9	50.4	136.1	90.0	80.5	85.7	107.1	141.8	121.4	108.4	51.4	69.4	1,084.1
1970[1]	124.5	100.7	112.0	88.7	62.1	93.4	110.0	113.0	107.6	89.3	79.3	89.8	1,170.4
1971[1]	83.4	65.1	88.3	86.2	76.8	101.0	94.4	104.9	158.6	80.4	63.2	130.3	1,132.6
1972[1]	86.9	80.8	75.4	105.4	107.9	106.4	106.8	164.6	163.8	145.1	119.0	93.4	1,355.5
1973[1]	106.2	98.4	88.3	97.9	113.1	91.5	105.9	153.7	110.3	150.0	130.0	109.1	1,354.4
1974	118.0	82.3	104.9	91.4	80.6	78.6	59.4	101.4	91.8	72.3	93.2	105.2	1,079.1

[1] Rejections for calendar year 1969 equaled 13.5 million pounds, 17.4 million pounds for 1970, 21.0 million pounds for 1971, 17.8 million pounds for 1972, and 18.4 million pounds for 1973.

Table 12—Rank of States in number of cattle on feed, sheep and lambs on farms, January 1, 1975 and pigs saved 1974

Rank	Cattle on feed		Sheep and Lambs		Number of pigs saved[1]	
	State	Number	State	Number	State	Number
		1,000 head		*1,000 head*		*1,000 head*
1	Texas	1,327	Texas	2,688	Iowa	18,092
2	Iowa	1,200	Wyoming	1,350	Illinois	10,145
3	Nebraska	1,160	California	1,070	Missouri	6,595
4	Kansas	920	Colorado	990	Indiana	6,119
5	Colorado	755	South Dakota	792	Minnesota	5,966
6	California	688	Montana	770	Nebraska	4,788
7	Illinois	500	Utah	697	South Dakota	3,149
8	Minnesota	380	Idaho	595	Ohio	3,091
9	South Dakota	345	New Mexico	575	North Carolina	2,901
10	Arizona	319	Ohio	517	Kansas	2,876
11	Ohio	290	Arizona	510	Missouri	2,669
12	Indiana	250	Iowa	460	Georgia	2,343
13	Oklahoma	232	Oregon	415	Kentucky	1,919
14	Michigan	200	Minnesota	390	Tennessee	1,426
15	Missouri	200	North Dakota	315	Alabama	1,421
16	Idaho	185	Nebraska	280	Texas	1,305
17	New Mexico	135	Illinois	229	Michigan	1,139
18	Washington	135	Kansas	200	Pennsylvania	858
19	Wisconsin	135	Indiana	196	South Carolina	847
20	Pennsylvania	83	Missouri	194	Virginia	775
21	Montana	79	Virginia	177	Mississippi	685
22	Georgia	68	Michigan	167	North Dakota	558
23	Oregon	65	Nevada	151	Arkansas	541
24	Florida	60	West Virginia	128	Oklahoma	530
25	Utah	52	Pennsylvania	125	Colorado	425
26	North Carolina	45	Wisconsin	105	Florida	389
27	Alabama	42	Washington	92	Maryland	309
28	Wyoming	38	Oklahoma	89	Montana	301
29	Kentucky	37	New York	79	Louisiana	231
30	North Dakota	36	Kentucky	40	California	184
31	Nevada	36	Tennessee	19	Oregon	157
32	Virginia	31	Maryland	17	Idaho	140
33	South Carolina	26	Louisiana	15	Arizona	140
34	Maryland	22	Maine	13	New York	139
35	Arkansas	21	Alaska	12	Washington	125
36	Hawaii	11	North Carolina	11	New Mexico	101
37	West Virginia	11	New Jersey	10	Delaware	92
38	Louisiana	10	Mississippi	7	West Virginia	86
39	Mississippi	10	Massachusetts	7	Massachusetts	83
40	New York	10	Vermont	6	Hawaii	69
41	Tennessee	10	Connecticut	6	Utah	67
42	New Jersey	5	Arkansas	6	New York	62
43			New Hampshire	5	Wyoming	48
44			Alabama	4	New Hampshire	16
45			Florida	4	Nevada	14
46			Georgia	4	Connecticut	11
47			Rhode Island	3	Maine	11
48			Delaware	2	Rhode Island	10
49			South Carolina	1	Vermont	6
50					Alaska	1
	Other States	3				
	United States	10,167		14,538		83,955

[1] Total pigs from December-May and June-November pig crops.

Supply and distribution of commercially produced meat, by month, carcass weight

Meat and period	Supply			Distribution				
	Production[1]	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption: Total	Civilian consumption: Per person[2]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Pounds*
Beef:								
1973								
October	1,996	244	218	13	315	24	2,106	10.1
November	1,875	315	188	15	393	20	1,950	9.3
December	1,778	393	160	16	448	14	1,853	8.9
1974								
March	1,856	448	160	12	485	13	1,954	9.4
April	1,852	485	136	10	471	14	1,978	9.5
May	1,946	471	123	8	465	13	2,054	9.8
June	1,839	465	126	8	441	9	1,972	9.4
July	1,942	441	98	9	403	23	2,046	9.7
August	1,952	403	159	7	376	24	2,107	10.0
September	1,855	376	134	7	347	25	1,986	9.5
October	2,149	347	105	8	359	13	2,221	10.6
November	1,947	359	130	9	359	28	2,040	9.7
Veal:								
1973								
October	28	8	4	1	9	([3])	30	.2
November	28	9	4	1	10	([3])	30	.1
December	24	10	4	1	12	1	24	.1
1974								
March	29	12	4	1	14	1	29	.1
April	28	14	2	1	14	([3])	29	.1
May	29	14	2	1	14	1	29	.1
June	26	14	2	1	15	1	25	.1
July	34	15	1	1	14	1	34	.2
August	40	14	2	2	13	1	40	.2
September	47	13	1	1	12	1	47	.2
October	59	12	3	1	12	1	60	.3
November	50	12	4	3	13	1	49	.2
Lamb & Mutton:								
1973								
October	49	13	3	1	16	([3])	48	.2
November	40	16	3	([3])	15	([3])	44	.2
December	34	15	1	1	15	([3])	34	.1
1974								
March	44	12	4	1	14	([3])	45	.2
April	43	14	6	([3])	14	([3])	49	.2
May	36	14	2	([3])	17	([3])	35	.2
June	29	17	4	1	16	([3])	33	.2
July	36	16	2	1	16	([3])	37	.2
August	39	16	1	([3])	15	([3])	41	.2
September	43	15	1	1	14	([3])	44	.2
October	44	14	1	1	15	([3])	43	.2
November	32	15	1	1	14	([3])	33	.2
Pork:								
1973								
October	1,152	196	48	21	224	9	1,142	5.5
November	1,137	224	46	16	277	6	1,108	5.3
December	1,058	277	39	16	286	6	1,066	5.1
1974								
March	1,159	307	52	11	351	8	1,148	5.5
April	1,228	351	42	13	405	8	1,195	5.7
May	1,262	405	39	13	412	7	1,274	6.1
June	1,050	412	30	18	354	13	1,107	5.3
July	1,016	354	33	14	292	11	1,086	5.2
August	1,104	292	25	20	254	7	1,140	5.4
September	1,127	254	36	25	249	10	1,133	5.4
October	1,217	249	39	22	269	7	1,207	5.7
November	1,123	269	40	20	302	8	1,102	5.2
Total Meat:								
1973								
October	3,225	461	273	36	564	33	3,326	16.0
November	3,080	564	241	32	695	26	3,132	14.9
December	2,894	695	204	34	761	21	2,977	14.2
1974								
March	3,088	779	220	25	864	22	3,176	15.2
April	3,151	864	186	24	904	22	3,251	15.5
May	3,273	904	166	22	908	21	3,392	16.2
June	2,944	908	162	28	826	23	3,137	15.0
July	3,028	826	134	25	725	35	3,203	15.3
August	3,135	725	187	29	658	32	3,328	15.8
September	3,072	658	172	34	622	36	3,210	15.3
October	3,469	622	148	32	655	21	3,531	16.8
November	3,152	655	175	33	688	37	3,244	15.3

[1] Excludes production from farm slaughter. [2] Derived from estimates by months of population eating out civilian food supplies. [3] Less than 500,000 pounds.

Selected price statistics for meat animals and meat

Item	1974						
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Dollars per 100 pounds						
CATTLE AND CALVES							
Beef steers, slaughter, Omaha							
Prime	37.42	45.07	48.94	42.65	40.81	38.98	37.76
Choice	37.33	43.98	47.23	41.41	39.75	38.04	37.05
Good	35.28	40.34	44.07	39.20	37.83	36.16	35.36
Standard	29.74	34.03	38.81	35.70	33.97	33.05	31.85
Utility	27.82	31.78	35.64	33.62	32.54	---	---
All grades	36.62	42.81	46.14	40.64	39.21	37.54	36.46
Choice 900-1100 pounds, California	39.69	48.38	46.02	41.00	39.95	38.75	38.75
Choice 900-1100 pounds, Colorado	38.16	45.30	48.15	41.56	40.11	38.19	37.66
Cows, Omaha							
Commercial	26.15	23.90	24.36	22.46	19.68	17.70	17.81
Utility	26.39	24.22	24.54	22.56	19.68	17.62	17.67
Cutter	25.00	22.85	23.08	21.04	17.65	15.72	15.91
Canner	23.04	21.25	21.45	19.48	16.18	13.69	13.81
Vealers, Choice, S. St. Paul	48.35	43.54	44.90	43.44	40.12	36.48	34.46
Stocker and feeder steers, Kansas City[1]	33.16	34.44	33.26	29.80	29.80	27.97	28.05
Price received by farmers							
Beef cattle	32.30	35.00	36.60	32.80	30.50	28.30	27.60
Cows	24.90	23.60	24.00	21.80	19.00	17.30	17.00
Steers and heifers	34.10	38.20	40.30	35.50	33.20	31.70	31.00
Calves	37.40	36.50	34.30	29.90	27.50	25.60	24.80
Beef steer-corn price ratio[2]	13.7	13.4	13.0	11.7	10.8	10.9	10.8
HOGS							
Barrows and gilts, U.S. No. 1 and 2, Omaha							
180-200 pounds	---	---	---	---	---	---	---
200-220 pounds	29.89	38.05	38.86	36.21	39.42	38.90	41.28
220-240 pounds	29.78	38.08	39.04	36.48	39.46	38.92	41.30
Barrows and gilts, 7 markets[3]	27.40	36.31	37.56	35.79	38.86	38.34	39.93
Sows, 7 markets[3]	21.37	28.12	29.66	29.04	33.39	33.57	33.78
Price received by farmers	23.50	34.50	36.10	33.60	37.10	36.70	38.30
Hog-corn price ratio[4]							
Omaha, barrows and gilts	10.0	11.2	10.5	10.3	10.6	11.0	11.8
Price received by farmers, all hogs	9.1	11.9	10.7	10..	10.8	11.1	11.7
SHEEP AND LAMBS							
Sheep							
Slaughter ewes, Good, San Angelo	12.25	12.75	11.31	13.25	10.40	6.89	13.33
Price received by farmers	10.60	10.40	10.60	9.56	8.20	8.10	8.70
Lamb							
Slaughter, Choice, San Angelo	46.25	37.94	42.50	36.12	35.25	37.58	39.25
Feeder, Choice, San Angelo	37.08	31.25	32.58	30.42	31.75	36.25	36.42
Price received by farmers	43.50	38.20	38.00	32.70	33.10	34.90	36.10
ALL MEAT ANIMALS							
Index number price received by farmers (1967=100)	140	163	169	153	151	145	145
	Dollars per 100 pounds						
MEAT							
Wholesale, Chicago, Carlot							
Steer beef carcass, Choice, 600-700 pounds	62.18	71.53	73.92	67.00	64.98	62.23	60.38
Heifer beef, Choice, 500-600 pounds	61.32	70.52	73.22	65.70	63.61	60.78	59.47
Cow beef, Canner and Cutter	55.09	53.08	49.93	45.90	41.70	37.96	38.94
Lamb carcass, Choice and Prime, 45-55 pounds	92.50	85.30	82.48	75.64	80.38	---	---
Fresh pork loins, 8-14 pounds	67.85	79.01	79.18	76.36	76.52	72.09	72.48
	Cents per pound						
Retail, United States average							
Beef, Choice grade	132.2	137.9	143.4	141.6	136.8	134.4	132.2
Pork, retail cuts and sausage	93.7	103.7	108.7	109.9	109.0	111.4	112.7
Lamb, Choice grade	130.0	143.5	142.4	143.6	140.2	139.4	141.8
Index number all meats (BLS)							
Wholesale (1967-100)	135.7	165.0	169.1	161.3	160.2	155.4	156.0
Retail (1967-100)	154.8	154.0	162.8	166.7	163.5	163.0	161.7
Beef and veal	163.9	161.0	169.0	172.9	166.8	163.7	160.1
Pork	141.2	145.9	158.8	164.8	164.0	166.8	167.1

[1] Average all weights and grades. [2] Bushels of No. 2 Yellow Corn equivalent in value to 100 pounds of slaughter steers sold out of first hands, Omaha, all grades. [3] St. Louis N.S.Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis. [4] Number bushels of corn equivalent in value to 100 pounds of live hogs.

Selected marketings, slaughter and stock statistics for meat animals and meat

Item	Unit	1974						
		June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Federally inspected slaughter								
Cattle	1,000 head	2,621	2,821	2,876	2,787	3,230	2,929	2,902
Steers	1,000 head	1,566	1,530	1,463	1,442	1,590	1,403	1,403
Heifers	1,000 head	611	682	727	686	803	703	694
Cows	1,000 head	386	538	609	588	759	756	742
Bulls and stags	1,000 head	58	71	77	71	78	67	63
Calves	1,000 head	137	164	202	212	279	251	254
Sheep and lambs	1,000 head	581	713	777	842	851	612	595
Hogs	1,000 head	5,894	5,722	6,363	6,523	7,023	6,402	6,243
Percentage sows	Percent	7	9	10	9	8	8	7
Average live weight per head								
Cattle	Pounds	1,074	1,052	1,039	1,026	1,016	1,026	1,040
Calves	Pounds	210	219	226	229	227	211	204
Sheep and lambs	Pounds	100	100	101	102	104	104	106
Hogs	Pounds	249	247	243	243	243	245	246
Average dressed weight per head								
Beef	Pounds	651	634	625	611	607	607	604
Veal	Pounds	123	128	128	133	128	121	116
Lamb and mutton	Pounds	49	49	48	50	51	51	53
Pork	Pounds	169	168	165	165	165	166	187
Lard	Pounds	18	18	17	16	18	17	16
Production								
Beef	Mil. lb.	1,700	1,784	1,791	1,697	1,956	1,773	1,747
Veal	Mil. lb.	17	61	26	28	35	30	29
Lamb and mutton	Mil. lb.	28	34	37	42	43	31	31
Pork	Mil. lb.	992	958	1,202	1,073	1,154	1,062	1,023
Lard	Mil. lb.	109	100	113	107	123	108	99
Commercial slaughter[1]								
Cattle	1,000 head	2,865	3,105	3,168	3,085	3,601	3,268	3,234
Calves	1,000 head	175	215	260	286	375	330	342
Sheep and lambs	1,000 head	601	737	807	869	879	634	617
Hogs	1,000 head	6,269	6,098	6,747	6,877	7,430	6,787	6,672
Production								
Beef	Mil. lb.	1,839	1,942	1,952	1,855	2,149	1,947	1,917
Veal	Mil. lb.	26	34	40	47	59	50	51
Lamb and mutton	Mil. lb.	29	36	39	43	44	32	32
Pork	Mil. lb.	1,050	1,016	1,104	1,127	1,217	1,123	1,091
Lard	Mil. lb.	113	105	117	111	128	112	104
Cold storage stocks first of month								
Beef	Mil. lb.	465	441	403	376	347	359	359
Veal	Mil. lb.	14	15	14	13	12	12	13
Lamb and mutton	Mil. lb.	17	16	16	15	14	15	14
Pork	Mil. lb.	412	354	292	254	249	269	302
Total meat and meat products[2]	Mil. lb.	1,016	917	802	723	693	723	753
Imports (carcass weight)								
Beef and veal	Mil. lb.	129	99	161	135	108	134	149
Pork	Mil. lb.	29	33	25	36	39	40	43
Lamb and mutton	Mil. lb.	4	2	1	1	1	1	1
Exports (carcass weight)								
Beef and veal	Mil. lb.	3.48	3.62	3.06	3.34	4.04	4.12	4.27
Pork	Mil. lb.	9.19	8.19	13.20	15.63	16.03	10.22	8.02
Lamb and mutton	Mil lb.	0.22	.41	.24	.27	.46	.48	.31
Live animal imports								
Cattle	Number	79,950	35,186	12,992	15,317	8,698	6,683	16,136
Hogs	Number	25,748	53,005	13,450	9,646	8,692	11,914	1,612
Sheep and lambs	Number	23	61	43	136	136	19	345
Live animal exports								
Cattle	Number	6,147	6,057	9,183	16,435	31,993	22,745	28,985
Hogs	Number	1,017	1,023	950	1,103	1,912	2,212	1,105
Sheep and lambs	Number	18,660	18,410	18,074	16,907	27,176	24,515	36,612

[1] Federally inspected and other commercial. [2] Includes stocks of canned meats in cooler in addition to the meats listed.

HISTORY OF THE MEAT IMPORT LAW AND PROGRAM FOR 1975

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ABSTRACT

The Meat Import Law passed by Congress in 1964 allows imports of certain meats, primarily beef, to grow at the same rate that domestic production increases. Under the law, the Secretary of Agriculture calculates the quota level and makes an estimate of expected meat imports covered under the law. If the estimate exceeds a calculated trigger level, the President must decide whether to invoke or suspend the law.

Key Words: Meat Import Law, adjusted base quota, trigger level.

Following a 10-year rise in imports and a sharp decline in U.S. cattle prices, Congress passed and the President approved a law on August 22, 1964 (PL 88-482) to control the growth of imports so as not to place undue stress on domestic cattle prices. Under the law, imports of fresh, chilled or frozen beef, veal, mutton, and goat meats are allowed to grow from a base of 725.4 million pounds, at the same rate as domestic commercial production of these meats grew from the 1959-63 base period to the most recent 3-year average figure (including an estimate of production in that year). A 10-percent overage is allowed, so that quotas are triggered into effect only when imports are expected to exceed the adjusted base level by 10 percent.

Each year the Secretary of Agriculture is required to publish in the Federal Register the estimated quantity that would trigger the imposition of quotas under the law. He is required to estimate quarterly the quantity of meat that, but for the law, would enter the United States in that calendar year.

If the Secretary's estimate of imports exceeds the trigger level, the President is required to invoke quotas on imports of meats subject to the law. Quotas may be suspended or the total quantity increased if the President determines and proclaims that,

(1) such action is required by overriding economic or national security interests of the United States, giving special weight to the importance to the Nation of the economic well-being of the domestic livestock industry;

(2) the supply of articles of the kind described . . . will be inadequate to meet domestic demand at reasonable prices; or

(3) trade agreements entered into after the date of the enactment of this Act ensure that the policy set forth will be carried out."

In the first 3 years after the law was passed, imports were below the trigger point for quota imposition. But by mid-1968 it was apparent that the year's imports would exceed the trigger quantity, and in August Australia and New Zealand were asked to restrain shipments voluntarily in order to avoid quotas. The authority to negotiate "voluntary" agreements and restrict imports to the agreed quantity is provided by Section 204 of the Agricultural Act of 1956. The other 11 supplying countries (eligible because they also were certified to be free of foot-and-mouth disease and met U.S. meat inspection standards) were asked to hold to shipments already scheduled. Imports in 1968 were above the quota level but below the trigger point.

For 1969 all supplying countries, except Canada and the U.K., agreed to a restraint level below the trigger quantity. The program worked fairly well, although imports exceeded the restraint level somewhat and imports from one country—Honduras—had to be embargoed.

For 1970 a restraint program was negotiated with a target below the trigger point as was the case in previous restraint programs. Imports were extremely heavy, however, and at midyear two actions were taken: (1) The President proclaimed and then suspended quotas, and a new restraint level was authorized at a higher level than the trigger quantity, and (2) Section 204 was used to embargo transshipments through Canada, thus closing

a serious loophole in the program. Section 204 also was used to hold five supplying countries to their restraint agreements.

For 1971 the restraint program continued at the level established in late 1970. This was higher than the trigger quantity for 1971 and required Presidential action to proclaim and suspend quotas as was done the year before. Actual 1971 imports were 48 million pounds below the restraint level, largely because of U.S. dock strikes.

For 1972 a restraint program 7 percent higher than the 1971 program was agreed to by the principal supplying countries. At midyear the voluntary restraint program was suspended by the President in order to encourage greater shipments of beef to the United States. At this time retail meat prices were high in the United States, and other major importing countries had removed import duties and levies, or issued larger quotas to compete for limited world supplies.

Quotas under the law were invoked by the President in both 1973 and 1974 but simultaneously suspended because of overriding economic interests. As 1974 progressed, domestic cattle slaughter increased significantly with a large part of the increase coming from greater slaugher of culled cows and nonfed steers and heifers. Imported beef competes principally with this type of domestic production. As a consequence of this larger domestic production, prices for manufacturing grade beef fell and imports slowed, so that by year's end they were below the point which would permit the imposition of quotas.

Since mid-1974, two of the major beef import markets of the world, the European Community and Japan, have closed their doors to beef imports to protect their domestic cattle producers at a time of severe cost-price pressure and declines in consumer purchasing power and demand for meat. In September, Canada followed suit and announced 1 year global quotas retroactive to August 12 on imports of slaughter cattle and fresh and frozen beef and veal. These actions left the United States the only remaining market for potentially excessive foreign beef supplies.

The United States was able to avoid becoming a dumping ground for these potentially excessive supplies in 1974 because good returns during the previous 2 years placed most beef producers in the major exporting countries in a strong financial position. Excellent pasture conditions also enabled them to withhold animals from slaughter in anticipation of future price improvements.

Regarding 1975, the State Department is negotiating voluntary restraint agreements with supplying countries to limit imports of meats to 1,150 million pounds. If these negotiations are successful, imports subject to the law will be about 30 million pounds below the trigger point of 1,181.7 million pounds which would both permit and require quotas in 1975. The 1,150 million pounds represents less than 6 percent of estimated consumption of beef, veal, mutton, and goat meat in 1975.

The benefits of voluntary restraints over quotas are that they strengthen the position of the United States in getting other major beef importers to remove their quotas or beef import bans. Also, voluntary restraints are less likely to impair the ability of the United States to export abundant agricultural products, including the byproducts of the livestock industry.

Public Law 88-482 imports and USDA estimates—1969-75

Year and quarter	PL 88-482 imports		Adjusted base quota	Trigger level
	Reported by Census	USDA estimate		
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
1969:				
First	---	1,035.0	988.0	1,086.8
Second	---	1,035.0	988.0	1,086.8
Third	---	1,035.0	988.0	1,086.8
Fourth	---	1,035.0	988.0	1,086.8
Total	1,084.1			
1970:				
First	---	1,061.5	998.8	1,098.7
Second	---	1,061.5	998.8	1,098.7
Third	---	[1] 1,140.0	998.8	1,098.7
Fourth	---	[2] 1,160.0	998.8	1,098.7
Total	1,170.4			
1971:				
First		[1] 1,160.0	1,025.0	1,127.5
Second		1,160.0	1,025.0	1,127.5
Third		1,160.0	1,025.0	1,127.5
Fourth		1,160.0	1,025.0	1,127.5
Total	1,132.6			
1972:				
First		[1] 1,240.0	1,042.4	1,146.6
Second		1,240.0	1,042.4	1,146.6
Third		[3] 1,240.0	1,042.4	1,146.6
Fourth		[4] 1,275.0	1.042.4	1.146.6
Total	1,355.6			
1973:				
First		[3] 1,450.0	1,046.8	1,151.1
Second		1,450.0	1,046.8	1,151.1
Third		1,450.0	1,046.8	1,151.1
Fourth		1,450.0	1,046.8	1,151.1
Total	1,354.4			
1974:				
First		[3] 1,575	1,027.9	1,130.0
Second		1,575	1,027.9	1,130.7
Third		[4] 1,210	1,027.9	1,130.7
Fourth		[4] 1,115	1,027.9	1,130.7
Total	1,079.1			
1975:				
First		1,150	1,074.3	1,181.7

[1] New restraint program following suspension of quotas under PL 88-482. [2] Revision in estimated imports from Canada. [3] No voluntary restraint program after suspension of quotas. [4] Revision on estimated imports.

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